



GIABA

INTER-GOVERNMENTAL ACTION GROUP
AGAINST MONEY LAUNDERING IN WEST AFRICA

2013 Annual Report





**Inter-governmental
Action Group Against Money
Laundering in West Africa**

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A n n u a l
R e p o r t**

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ABBREVIATIONS

ACAMS	Association of Certified Anti-Money Laundering Specialists
AfDB	African Development Bank
AIESEC	Association Internationale des Étudiants En Sciences Économiques et Commerciales
AML/CFT	Anti-money laundering/Counter financing of terrorism
APC	All Progressive Congress (Nigeria)
AQIM	Al-Qaeda in the Islamic Maghreb
AU	African Union
BCEAO	Banque Centrale des États de l'Afrique de l'Ouest
BNI	Bearer Negotiable Instruments
BOAD	West African Development Bank
BSM	Border Security Management
CCGA	Advisory Committee on Administrative Freezing (Burkina Faso)
CDD	Customer Due Diligence
CENTIF	Cellule Nationale de Traitement des Informations Financières
CPI	Corruption Perception Index
CREPMF	Conseil Régional de l'Épargne Publique et des Marchés Financiers
CTR	Cash Transaction Report
DG	(GIABA) Director General
DNFBP	Designated Non-Financial Business and Profession
ECOWAS	Economic Community of West African States
EFCC	Economic and Financial Crimes Commission (Nigeria)
EI	Executive Instrument
EITI	Extractive Industry Transparency Initiative (Nigeria)
FAO	(UN) Food and Agriculture Organization
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FIC	Financial Intelligence Centre (Ghana)
FIU	Financial Intelligence Unit
FRSB	FATF-style regional body
GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
GMC	GIABA Ministerial Committee
HDI	Human Development Index

HIPC	Heavily Indebted Poor Countries
ICRG	International Cooperation Review Group (FATF)
ICT	Information and Communication Technology
IEC	Information, Education and Communication
IIAG	Ibrahim Index of African Governance
IMF	International Monetary Fund
INCSR	International Narcotics Control Strategy Report
KAIPTC	Kofi Anan International Peace Keeping and Training Centre
KYC	Know Your Customer
LACC	Liberian Anti-Corruption Commission
M&E	Monitoring and Evaluation
MCC	Millennium Challenge Corporation
MDGs	Millennium Development Goals
ME	Mutual Evaluation
ME P&P	Mutual Evaluation Process and Procedures
MER	Mutual Evaluation Report
MINUSMA	(UN) Multidimensional Integrated Stabilization Mission in Mali
ML	Money Laundering
MLA	Mutual Legal Assistance
MNJ	Niger People for Justice
MNLA	Movement for the Liberation of Azawad (Mali)
MoU	Memorandum of Understanding
MVT	Money Value Transfer
NBFI	Non-Bank Financial Institution
NC	National Correspondent
NFIU	Nigeria Financial Intelligence Unit
NGO	Non-Governmental Organization
NPO	Non-Profit Organization
NRA	National Risk Assessment
PDES	Economic and Social Development Plan (Niger)
PRSP	Poverty Reduction Strategy Paper (Guinea)
RBA	Risk-Based Approach

RRG	Regional Review Group (FATF)
SCADD	Strategy for Accelerated Growth and Durable Development (Burkina Faso)
SCUML	Special Control Unit against Money Laundering (Nigeria)
SPA	Strategic Program Area
STP	São Tomé and Príncipe
STR	Suspicious Transaction Report
TC	Technical Commission
TF	Terrorist Financing
UNCAC	United Nations Convention against Corruption
UNDP	United Nations Development Program
UNHCR	United Nations High Commission for Refugees
UNODC	United Nations Office on Drugs and Crime
UNSCR	United Nations Security Council Regulation
WAEMU	West African Economic and Monetary Union
WCO	World Customs Organization
WGMEI	Working Group on Mutual Evaluations and Implementation
WGRTM	Working Group on Risks, Trend and Methods
WGTYP	Typologies Working Group
WIUC	Wisconsin International University College

FOREWORD BY DR. ABDULLAHI SHEHU



Dr. Abdullahi Shehu,
Former Director General

- i. In the Foreword to the 2012 Annual Report, I stated that my tenure was coming to an end and that was likely to be the last Annual Report I was going to sign off. It is very clear that I have been yet again saddled with the responsibility of signing off another Annual Report before the arrival of my successor. My colleague Poyodi Atana, who is the Senior Bilingual Secretary in the Office of the Director General, has a Chinese proverb as a signature to his emails that reads 'Fortune smiles for the one who knows his way.' Given the opportunity, I would modify this proverb to state that 'Sometimes fortune smiles even at those who do not know their way' as in my case where I now have this rare privilege of signing off another Annual Report even after the expiration of my term.
- ii. I am delighted to present the 2013 Annual Report of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), which serves as an accountability document for the resources provided to us to execute our mandate. The Annual Report provides information on the achievements and challenges faced by GIABA in promoting the implementation of AML/CFT measures of international standards in the West African region.
- iii. The year 2013 was the third year in the implementation of GIABA's 2011–2014 Strategic Plan. Two GIABA member States, Ghana and Nigeria, exited the FATF review process in February and October 2013, respectively. This achievement was recorded

- due to the significant progress made by the two countries in addressing the strategic deficiencies identified in their AML/CFT systems. Also, São Tomé and Príncipe was removed from the review process and handed over to GIABA for continuous guidance and mentorship.
- iv. The first round of mutual evaluations (ME) of GIABA member States, which commenced in 2007, was concluded in 2013 with the adoption of the mutual evaluation report (MER) of São Tomé and Príncipe by the GIABA Plenary in May 2013. The evaluations were conducted to determine the level of compliance of GIABA member States with the FATF Recommendations. A strategic review of the first round of the evaluations by GIABA in 2013 shows a low level of compliance with the FATF Recommendations. However, by subjecting themselves to this peer review process and by implementing the recommendations contained in their MERs, GIABA member States have demonstrated their highest commitment to and solidarity with the global fight against money laundering (ML) and terrorist financing (TF).
 - v. Other milestones attained within the year under review include the adoption and publication of the first joint GIABA/FATF Typologies Report on Terrorist Financing in West Africa, the Mid-Term Review of the GIABA 2011–2014 Strategic Plan, and the implementation of the GIABA technical assistance project on the provision of AML/CFT analytical software to 13 member States. The establishment of financial intelligence units (FIUs) by Guinea and Liberia in 2013 means that all GIABA member States now have FIUs in place. This demonstrates the determination of the two countries to counter ML/TF.
 - vi. The publication of the 2013 Annual Report, the seventh since 2007, is not only a clear demonstration of GIABA's commitment to transparency and accountability in its work, but also a manifestation of its capacity to produce results through program implementation, and the significant difference it can make in the fight against ML/TF in the region. I hope this Report will benefit those who are able to read it and, hopefully, this will encourage them to be more committed to their AML/CFT obligations.

PROLOGUE BY MR. ADAMA COULIBALY



MR ADAMA COULIBALY,
DIRECTOR GENERAL

- i. It is with a deep sense of humility, devotion and gratitude that I recall the providential arrangements marking my assumption of duty as the 3rd Chief Executive of GIABA at the very time when the 2013 Annual Report of the Institution was being finalized. Although the activities which have been reported were not supervised by me, this Report will serve as a summary of the activities accomplished by GIABA in 2013.
- ii. The 2013 Annual Report, inter alia, provides invaluable insights into some critical success factors of the previous leadership of the institution, under Dr. Abdullahi Shehu. Given the increasingly complex environment in which GIABA operates as a technical institution, it is necessary to learn from the past in order to build upon the solid foundation that has been laid.
- iii. As head of the Financial Intelligence Unit (FIU) of Cote d'Ivoire and the GIABA National Correspondent until February 2014, I have been closely involved in GIABA's work under the past leadership. As Chairman of the GIABA Technical Commission for three Plenary Meetings, I have observed first-hand how the institution has been discharging its responsibilities, not only at plenary level, but also in relation to the other organs of GIABA such as the Ministerial Committee. This has been the result of unflinching commitment and determination of our prestigious Institution.

- iv. More than ever before, the same commitment and determination would be required to move GIABA to the next level of service with excellence. Therefore, I am absolutely certain that subsequent annual reports of the institution will reflect our indefatigable and collective efforts to reinforce the culture of hard work and constant quest for excellence, as evidence of an effective and more performing regional AML/CFT architecture that bears measurable, lasting and positive impacts on the well-being of the people in GIABA member States.
- v. The report also underscores the challenges that GIABA had to grappled with in the foregoing year in the delivery of its mandate. These challenges, admittedly, will not dissipate with the advent of the new leadership. However, in the spirit of solidarity and consensus with my Deputy, Mr. Brian SAPATI, we will strive to strengthen the dynamic workforce of the GIABA Secretariat and work closely and in synergy with all our partners, as a means of achieving our set objectives.
- vi. Our pledge is to make GIABA a strong AML/CFT reference Institution, contributing to good governance, and help realise the ambition and hope of the ECOWAS populace. We therefor appeal to all and sundry to give the the highest support for the achievement of this noble objective.

Acknowledgments

- i. This report, like the previous GIABA Annual Reports, is based on the various activities carried out by GIABA in the reporting year. The successes recorded in this report were the results of the contributions of all GIABA stakeholders and partners. Of particular significance is the continued political commitment and financial support of the Authority of Heads of State and Government and the Council of Ministers of the Economic Community of West African States (ECOWAS) which form the bedrock in the execution of GIABA's mandate.
- ii. Equally significant and noteworthy is the policy guidance provided by the GIABA Ministerial Committee. Indeed, such guidance created an enabling environment for the successes achieved within the year. The Technical Commission/Plenary, which has become more technical and made clearer decisions, also facilitated the work of GIABA. The National Correspondents, who are the heads of the FIUs in their respective member States, were, as in previous years, the backbone of GIABA's work. Specifically, the commitment and support of the National Correspondents were critical to the implementation of GIABA's programs and projects in each of its member States, and the attainment of significant outcomes. Their cooperation and support remain highly valuable in the delivery of technical assistance.
- iii. GIABA also wishes to recognise the strong support of the various national, regional and international stakeholders who have become an integral part of our work. The continued support of the FATF and other partners in AML/CFT facilitated the implementation of key activities of GIABA. We are very grateful for their solidarity in our common goal of ensuring the implementation of international standards and best practices on AML/CFT across the globe. We wish to express our profound appreciation to all those who supported us throughout the year and call on them to continue to support us as we go into overdrive in 2014 in order to ensure the full implementation of the 2011–2014 Strategic Plan.

**GIABA Secretariat
Dakar, Senegal**



CHAPTER ONE

Mandate and Institutional Arrangements

1. Money Laundering (ML) is a complex phenomenon that manifests in different forms and is often linked to criminal activities that are not clearly defined. As such, it is difficult to assess its impact on society accurately and comprehensively, whether quantitatively or qualitatively. For instance, there are no comprehensive data on ML, in terms of investigations, prosecutions and convictions, the value of assets confiscated or recovered; all these can be used to gauge the extent of the phenomenon in a particular jurisdiction. Other indicators include a rapid increase in inflation, changes in monetary aggregates, incongruity between economic growth and credit/loans and remittances.
2. The potential for ML to seriously corrupt and undermine the functioning of public and private institutions, however, cannot be underestimated. ML generally operates within a triangle of illicit activity, illicit money, and power and control. Organized criminals derive considerable profits from their criminal activities, thereby enabling them to buy off public officials, employees of banks and other financial institutions, lawyers, etc., leading to the compromise of AML/CFT systems and procedures. Thus, illicit money can be used to undermine AML/CFT efforts across the political, supervisory, enforcement, prosecutorial, judicial and social spectrum, and, by extension, to threaten the integrity of political and judicial systems as well as the stability of national and international financial systems. It is therefore necessary that efforts put in place to control organized crime are well coordinated and sustained at national, regional and international levels.
3. Having recognized the serious threats posed by ML/TF to the West African region, the Authority of Heads of State and Government of ECOWAS established GIABA in 2000 and mandated it to:
 - a. Ensure the adoption of standards against ML/TF in accordance with acceptable international standards and practices, including the FATF Recommendations;
 - b. Facilitate the adoption and implementation by member States of measures against ML/TF, taking into account specific regional peculiarities and conditions;
 - c. Function as a forum where members can discuss matters of regional interest and share experiences on AML/CFT matters;
 - d. Conduct self-evaluations and mutual evaluations to determine the effectiveness of measures adopted, including their conformity to acceptable international AML/CFT standards; and
 - e. Coordinate and provide technical support and capacity-building to member States to establish and implement AML/CFT regimes including the implementation of laws against the proceeds of crime through mutual legal assistance (MLA), and also the establishment and strengthening of AML/CFT support institutions such as Financial Intelligence Units (FIUs).
4. Membership of GIABA consists of 16 countries, 15 of which are members of ECOWAS: Republic of Benin, Burkina Faso, Republic of Côte d'Ivoire, Republic of Capo Verde, Republic of The Gambia, Republic of Ghana, Republic of Guinea, Republic of Guinea Bissau, Republic of Liberia, Republic of Mali, Republic of Niger, the Federal Republic of Nigeria, Republic of Senegal, Republic of Sierra Leone and the Togolese Republic. The sixteenth member State of GIABA is São Tomé and Príncipe, which became a full member in 2012.
5. Observer status within GIABA is granted to African and non-African States, as well as to Inter-Governmental Organizations that support the objectives and actions of GIABA and that apply for the observer status. The following organizations have observer status in GIABA: the central banks of member States, regional securities

and exchange commissions, the West African Economic and Monetary Union (WAEMU), the West African Development Bank (BOAD), the French Zone Anti-Money Laundering Liaison Committee, Conseil Régional de l'Épargne Publique et des Marchés Financiers (CREPMF), the African Development Bank (AfDB), the United Nations Office on Drugs and Crime (UNODC), the World Bank, the International Monetary Fund (IMF), the Financial Action Task Force (FATF), Interpol, the World Customs Organization (WCO), the Commonwealth Secretariat and the Egmont Group of FIUs. Also, all FATF member States have observer status in GIABA. The Islamic Republic of Mauritania and the Comoros Islands were granted observer status in GIABA in May 2010 and November 2012, respectively.

6. GIABA operates through the following four organs:

- The GIABA Ministerial Committee, consisting of the Ministers of Finance, Justice and Interior/Security of each member State;
- The Secretariat;
- The Technical Commission, consisting of relevant experts drawn from the Ministries of Finance, Justice and Interior/Security of each member States; and
- A network of National Correspondents, with one in each of the member States.

7. The functions of each organ are clearly outlined in the enabling Statute that established the institution.¹

8. Since its establishment, GIABA has responded to the needs of its member States in a logical and methodical manner by conducting needs assessment studies, followed by the development of strategic plans to guide interventions. GIABA has also clearly identified seven Strategic Program Areas (SPAs) for intervention, which are anchored on high-level advocacy and stakeholder mobilization. These areas include advocacy and stakeholder mobilization; development and implementation of an AML/CFT framework, mutual evaluations and follow-up actions; FIU and investigative capacity development; typologies and other research studies; regional and international cooperation and partnerships; and institutional

development. The various achievements recorded over the years are the result of good planning, which ensures that all stakeholders are fully mobilized and involved in the development and delivery of programs.

9. Notwithstanding the sustained AML/CFT efforts by GIABA, especially the provision of financial and technical assistance to its member States, compliance with international standards remains low. Not only are the absorptive capacities of GIABA member States limited, but the level of AML/CFT expertise also remains limited. This situation presents enormous challenges to GIABA, its member States, and its partners.

Implementation of the GIABA Strategic Plan 2011–2014

10. The GIABA 2011–2014 Strategic Plan identified seven key goals to be pursued in order to address the challenges of implementing effective AML/CFT measures in the West African region.² As 2013 marked the third year in the implementation of the 2011–2014 Strategic Plan, a mid-term review of the implementation of the Plan was conducted to assess the first two years, as envisaged in the Plan. A summary of that report has been given in Chapter Eight of this report. It is expected that a final evaluation of the implementation of the Plan will be carried out in 2015, and the outcome will serve as a major input in the development of the next Strategic Plan.

Conclusion

11. This report is divided into nine chapters, which provide an overview of the activities carried out by GIABA in 2013, and the current AML/CFT status of GIABA member States. Chapter Two discusses the current political, economic and AML/CFT situation of GIABA member States, the progress recorded in the promotion of the implementation of robust AML/CFT regimes, the challenges encountered, and future prospects. Chapter Three gives an overview of the actions taken with regard to mutual evaluation and follow-up actions to the evaluations, and the constraints and challenges faced by member States in implementing the recommendations made in their MERs.

¹ The conference of the Heads of State and Government of ECOWAS decided on the creation of the inter-governmental GIABA on 10 December 1999, in Lomé, Togo via Decision A/DEC.9/12/99. The Statute was agreed to and adopted in the year 2000 via Decision A/DEC.6/12/00. In 2005, the Statute was amended to incorporate countering the Financing of Terrorism via Decision A/DEC.3/01/05.

² The Strategic Plan can be obtained from the GIABA website at www.giaba.org.

12. Typologies and other research projects undertaken within the year are reviewed in Chapter Four, while technical assistance supports to member States are reported in Chapter Five. The focus of Chapter Six is on advocacy and awareness-raising programs carried out, including supports provided to professional bodies and civil organizations.
13. Chapter Seven provides an overview of regional integration and international cooperation activities undertaken, while Chapter Eight reviews administrative and support services provided within the year. Finally, Chapter Nine summarizes the key achievements, challenges faced in 2013, and outlines the prospects and priorities for 2014.



CHAPTER TWO:

Overview of the AML/CFT Situation in West Africa

14. In 2013, West African countries witnessed major political, economic and social developments with varying implications for AML/CFT. Prominent among these developments is the continued macro-economic growth and the expansion of the financial sector.³ Specifically, West Africa is projected to post an average GDP growth of 6.7% and 7.4% in 2013 and 2014, respectively.⁴ Sustained economic growth and financial expansion are critical to long-term human development in the region. Yet, based on the evidence,⁵ economic and financial growth will only provide a fertile ground for large-scale corruption and profit-motivated crimes unless it is accompanied by far-reaching reforms in governance. Moreover, the fact that this growth has not generated corresponding levels of employment means that many young people still suffer high unemployment, with attendant consequences for crime and other social problems.
15. The process of democratization was deepened and consolidated in most West African countries during the year under review. Specifically, Benin, Cabo Verde, Côte d'Ivoire, Ghana, Guinea, Mali, Niger, Senegal and Togo saw commendable democratic progress. The successful conclusion of peaceful general elections in Mali, the judicial confirmation of the contested result of Ghana's presidential election by the country's Supreme Court, the peaceful conduct of long-awaited parliamentary elections in Guinea and Togo, and the success of local elections in Côte d'Ivoire despite dangerous episodes of tension during the campaigns, coupled with boycott and low turnout of voters, are tremendous testimonies to democratic progress. Also important is the integration of several political parties in Nigeria, the region's largest democracy, into a single large opposition party with the ambition to be a counterweight to the ruling party. These developments, apart from the postponement of general elections in Guinea Bissau from November to the first quarter of 2014, raised the hope for an inclusive process of development that efficiently utilizes the region's resources through sound democratic governance – a necessary condition for successful implementation of AML/CFT measures in the region.
16. However, some negative developments in regional security during the year could hamper the expressed hope. The region suffered from a number of terrorist activities, regardless of strong national and regional counter-terrorism efforts. Deadly Al-Qaeda-linked terrorist organizations – Al-Qaeda in the Islamic Maghreb (AQIM) operating in the north of Mali, and Ansar Dine and Boko Haram operating in the north of Nigeria and in parts of Niger – stepped up vicious campaigns of terror (mass killings, kidnappings, abductions and attacks on vital economic installations), making Sahelian West Africa one of the most insecure regions in the world. Linked to the increase in terrorist activities is the persistence of organized crime across the region in 2013. This is evidenced by a warning from the United Nations UN Secretary-General, Ban Ki-Moon, that 'terrorism, trafficking in arms, drugs and people, and other transnational forms of organised crime are threatening security in Africa's vast sub-Saharan Sahel region'.⁶ Crucially, these conditions provide the fertile ground on which money laundering and terrorist financing thrive.
17. Technical assistance is being provided by a number of partners to countries most affected by terrorism in the region. This has helped to increase political commitment and enhance local capacity to counter the problem. Yet the fight on terrorism and organized crime is far from over in the region. As the analysis of individual countries' situations shows, the seeming resilience of terrorist groups as well as other criminals means that combating ML/TF in the region remains a daunting challenge.

³ See World Economic Outlook, October 2013: *Transitions and Tensions*. 2013 International Monetary Fund.

⁴ African Economic Outlook, AfDB, OECD, UNDP, ECA 2013.

⁵ Apart from Ghana, all GIABA member States have persistently occupied the low human development band of the UNDP ranking of human development in the world. See the Human Development Report published yearly by the UNDP.

⁶ West Africa: Africa's Vast Sahel Threatened by Terrorism, Organised Crime, Ban Warns, 12 December 2013. Downloaded at <http://allafrica.com/stories/201312121537.html>

BENIN

Political Situation

18. The Republic of Benin continued its progress on the path of democratic development and remained stable throughout the year. This is evidenced by a peaceful political process, guaranteed human rights, and a largely participatory democracy. However, an alleged coup attempt in March, which was reportedly foiled by the police, reveals the potential for political instability in the country.⁷ The continued trial of a businessman, Patrice Talon, accused of plotting to kill President Thomas Boni Yaya in 2012, continues to generate controversy. Within the year, a French court ruled against the extradition of Mr Talon from France to face trial back home as requested by the Government of Benin. The French court ruling was based on the grounds that a fair trial was not guaranteed in Benin Republic. In 2013, the arrest of private television journalists by the police for broadcasting a demonstration by university students lent support to the fear of injustice.⁸ Also, at the beginning of the year, the director of a private television station was jailed for broadcasting a press conference in which a former presidential spokesperson (also jailed) accused some staff of the presidency of corrupt practices.⁹ Although the President pardoned the two people after about two weeks in prison, their imprisonment for exposing alleged corruption in the presidency, even if such allegations were unfounded, raises concern about the quality of governance.

19. The harsh state response posted a clear warning that open criticism of the Government or the Presidency was not tolerated. The fears that these incidents generate diminish the country's human rights and governance credentials, and could hamstring the much-needed openness and political will to drive AML/CFT implementation in the country.

20. Overall, the country continued to perform high on governance. According to the 2013 Ibrahim Index of African Governance (IIAG), Benin retained its position as one of the best governed countries in Africa. With a score of 58.9%, the country was ranked 3rd (out of 52 countries surveyed) in 2013. Benin attained the same position in 2012, though it scored 58%.¹⁰ The Corruption Perception Index (CPI) of Transparency International, however, shows that the country maintained the same level of ranking as in 2012. Benin ranks 94th out of 177 countries and territories surveyed, with a score of 36% as was the case in 2012.¹¹

Economic and Financial Situation

21. According to the 2013 African Economic Outlook,¹² Benin's economy continues to recover from a slowdown between 2009 and 2010. It is expected to grow at 4.1% and 4.6% in 2013 and 2014, respectively.¹³ The growth, though largely attributable to efforts by the Government to revive the agriculture sector and revamp the country's infrastructure, has also been facilitated by good rainfall in a country with good agricultural potential. In addition to growth, inflation declined from 6.7% in 2012 to about 3% in 2013 and is projected to remain at 3% in 2014.¹⁴

22. Benin's business environment has slightly improved between 2011 and 2012 with the implementation of regulatory reforms in the areas of starting a business, dealing with construction permits, trading across borders and enforcing contracts. The country's ranking on the World Bank's Doing Business Report improved slightly from 176th in 2012 to 175th in 2013 and is projected to improve to 174th in 2014.¹⁵ The financial sector, though small and underdeveloped,¹⁶ remained stable, owing to WAEMU community regulations and supervision. Private sector access to finance is still a very serious challenge as the lending rate remains very high, owing to the risky environment that banks face.¹⁷

7 See BBC News country profile on Benin: <http://www.bbc.co.uk/news/world-africa-13040372>

8 French Court Blocks Extradition in Alleged Benin Assassination Plot, Radio France International (RFI), 4 December 2013. See also <http://allafrica.com/stories/201312041510.html>; Journalists Arrested, 17 Students Injured in University Demonstration, 25 November 2013. See <http://allafrica.com/stories/201311261311.html>

9 President Pardons TV Director, One Other, Media Foundation for West Africa (MFWA), 7 February 2013. Downloaded at <http://www.mediafound.org/en/?p=3519>

10 Mo Ibrahim Foundation (2013), 2013 Ibrahim Index of African Governance: Summary. Available at <http://www.moibrahimfoundation.org/downloads/2013/2013-IIAG-summary-report.pdf>

11 Ransparency International, Corruption Perception Index, 2013. Available at <http://cpi.transparency.org/cpi2013/>

12 The African Economic Outlook is one of the most reliable sources of data on economic and social developments in African countries. It combines the expertise of

the African Development Bank, the OECD Development Centre, the UN Economic Commission for Africa, the UNDP and African think-tanks and research centres.

13 See African Economic Outlook, 2013 Country Note on Benin <http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/2013/PDF/Benin%20-%20African%20Economic%20Outlook.pdf>

14 African Economic Outlook, IMF Country Report No. 13/286.

15 World Bank, Doing Business 2013: *Smarter Regulations for Small and Medium-Size Enterprises*. Available at

<http://www.doingbusiness.org/~media/GIABW/Doing%20Business/Documents/Annual-Reports/English/DB13-full-report.pdf>.

16 Benin's financial sector consists of 13 banks, with the majority of banking activities concentrated in only three of them.

17 African Economic Outlook, op. cit

23. To the credit of the Government, midway into the implementation of the 2011–2015 Growth and Poverty Reduction Strategy, the country has been able to translate this positive economic performance into improved conditions of human development for its populace. However, with 36% of the population¹⁸ still living below the poverty line, the country still faces formidable challenges to attain the Millennium Development Goals (MDGs) in 2015, and acquisitive crime has a fertile ground, with implications for the likely increase in ML/TF activities. Benin has been ranked 166th out of 185 countries by the UNDP in its 2013 Human Development Report with an index of 0.436.¹⁹

Prevalence of Predicate Crimes

24. The most prevalent predicate crimes for ML/TF in Benin are drug trafficking, corruption, tax crimes, bank fraud and forgery.²⁰ Benin serves as proxy for many Nigerian criminal groups who use the country to perpetrate crimes such as drug trafficking, human trafficking, smuggling (especially of used vehicles into Nigeria and stolen vehicles and petroleum products from Nigeria),²¹ cyber crime, credit card fraud and different types of tax crimes. The increased use of Benin by Nigerian criminal groups as a departure point for re-exporting cocaine from Brazil to Europe has raised the country's profile as a transit point for drug couriers.²² Benin has also become one of the sources for methamphetamine originating from the region and trafficked to Asia.²³ Although the amount of large drug seizures appears to have gone down since 2011, domestic production of methamphetamine has made Benin a major source of the drug.

25. Furthermore, Benin has been noted to be a centre for human trafficking activities, especially in terms of origin, transit and destination for women and children subjected to forced labour and sex trafficking.²⁴

26. Considering its location, sea piracy is increasingly becoming a major threat to Benin.²⁵ As piracy declines in Somalia, attention has turned to the Gulf of Guinea where sea pirates have stepped up attacks in recent times. Indeed, the Gulf of Guinea witnessed more than 40 piracy-related attacks in the first quarter of 2013, with 132 crew members taken hostage and seven vessels hijacked.²⁶ Although Benin has not been directly affected by piracy in the Gulf of Guinea, the country is located between Nigeria and Togo, which makes it highly vulnerable. Considering that Benin has a very small military, with the Navy being the smallest of its forces, fighting piracy is an enormous task that will require external support.²⁷

27. Piracy generates substantial funds, thus providing the incentive for criminals to hijack ships regardless of the turbulent sea environment. One Earth Future Foundation, an independent non-profit organization (NPO), through its Oceans Beyond Piracy project, estimates ransom payments made to Somali sea pirates operating in the Indian Ocean at \$31.75 million in 2012. This is a significant decline from the 2011 figures of \$159.62 million.²⁸

28. Benin has recently started collaborating with Nigeria to mount coordinated joint patrols, which have reduced attacks in parts of the Gulf of Guinea.³⁰ This collaboration reflects Benin's own appreciation of the enormity of the threat.

AML/CFT Situation

29. With the support of GIABA, Benin has developed a relatively strong AML/CFT regime and has undergone the first round of the GIABA mutual evaluation process.³⁰ The country has taken considerable steps to address the deficiencies identified in its AML/CFT system since the conclusion of its mutual evaluation in 2010.

18 African Economic Outlook, op. cit.

19 UNDP Human Development Report 2013: *Rise of the South, Human Progress in a Diverse World*.

20 GIABA, Synthesis of Country Activity Reports (November 2012–October 2013).

21 Know Your Country. Available at <http://www.knowyourcountry.com/benin1111.html>.

22 UNODC, Transnational Organised Crime in West Africa: Threat Assessment, 2013, p. 1.

23 UNODC, World Drug Report, 2013, p. 56.

24 United States of America Department of State, Trafficking in Persons Report, June 2013, p. 95.

25 Judith Vorrath, Transnational Organised Crime in West Africa: More Than a Problem of Terrorism and Law Enforcement, Stiftung Wissenschaft und Politik, 2013.

26 See International Chamber of Commerce (ICC) Commercial Crimes Services, 'Piracy at sea falls to lowest level in seven years, reports IMB', 17 October 2013. Available at <http://www.icc-ccs.org/news/873-piracy-at-sea-falls-to-lowest-level-in-seven-years-reports-imb>. The Gulf of Guinea accounted for all crew kidnappings worldwide in 2013 – 32 off the coast of Nigeria, and 2 off the coast of Togo.

27 http://www.defenceweb.co.za/index.php?option=com_content&view=article&id=29350:benin&catid=119:african-militaries&Itemid=255.

28 http://oceansbeyondpiracy.org/sites/default/files/attachments/View%20Summary_2_.pdf.

29 See International Chamber of Commerce (ICC) Commercial Crimes Services, 'Piracy at sea falls to lowest level in seven years, reports IMB', op. cit.

30 The Mutual Evaluation process of GIABA is fully elaborated in Chapter 3 of this report.

30. According to Benin's 3rd follow-up report, measures taken to correct deficiencies identified in its AML/CFT system include the adoption of Banking Regulation No. 2012-24 of 24 July 2012, installation of analytical software in the FIU by GIABA, replacement of four redeployed staff of the FIU, organization of capacity development programs with the support of the World Bank and Internal Security Department of the French Embassy in Benin, exchange of information with TRACFIN and CTIF-CFI of Belgium in relation to analysis of STRs, and the establishment of an AML/CFT Inter-Ministerial Committee. In addition to these measures, there has been progress towards the enactment of CFT law.
31. Benin reported in its annual Country Report to GIABA that reporting entities filed 185 suspicious transaction reports (STRs), all of which were linked to ML. While this represents a significant progress, only 12 of these STRs were disseminated by the FIU to law enforcement agencies. There is no evidence that the dissemination of information prompted the relevant authorities to investigate possible cases of ML/TF. This shows that Benin needs further technical assistance, especially in capacity-building, in order to enhance its AML/CFT system and, by extension, investigate and prosecute ML/TF cases.
32. Chapter Five of this report gives the details of technical assistance provided by GIABA to its member States within the year. However, a major assistance offered by GIABA to Benin worth mentioning here was the national training on the risk-based approach (RBA) for the country's AML/CFT compliance officers. This assistance was given in order to raise the awareness of compliance and risk officers of financial institutions on the revised FATF Recommendations, with particular emphasis on Recommendation 1, which requires countries to first identify, assess and understand their ML and TF risks; and to apply a risk-based approach in the implementation of their ML/TF compliance measures.
33. Benin identified two factors limiting the effectiveness of its AML/CFT regime: 'weak enforcement' and 'low capacity of regulatory authorities'. In order to address the challenges of weak investigation, low prosecution and non-conviction for ML/TF cases, Benin's AML/CFT system requires support in the following areas: capacity development for the FIU, law enforcement agencies, the judiciary, regulatory/supervisory bodies, financial institutions and DNFBPs (designated non-financial professions and businesses). There is also a need to sensitize and educate members of parliament, civil society and the media.

Conclusion

34. The 3rd follow-up report submitted to the GIABA Plenary shows clearly that Benin has made progress in strengthening its AML/CFT system. Notwithstanding this progress, the prevailing situation indicates that the country cannot afford to be complacent. Specifically, the prevalence of transnational organized crime in Benin, including piracy and narco-trafficking, indicates the seriousness of the ML/TF threat it faces. Also the intensification of cross-border operations by terrorist groups based in neighbouring Nigeria, Niger and Mali is a clear message that Benin cannot be an oasis of peace and security with turbulence in its neighbourhood.

35. Benin needs support from its international partners to put in place necessary and sufficient measures to protect its economy from ML/TF. In addition, the country needs to strengthen governance and mobilize the relevant segments of its society in the fight against these crimes. Finally, the country's political authorities should fully appreciate the seriousness of the threats and deploy the will to fight them effectively, especially with regard to piracy.

Technical Assistance

32. Chapter Five of this report gives the details of technical assistance provided by GIABA to its member States within the year. However, a major assistance offered by GIABA to Benin worth mentioning here was the national training on the risk-based approach (RBA) for the country's AML/CFT compliance officers. This assistance was given in order to raise the awareness of compliance and risk officers of financial institutions on the revised FATF Recommendations, with particular emphasis on Recommendation 1, which requires countries to first identify, assess and understand their ML and TF risks; and to apply a risk-based approach in the implementation of their ML/TF compliance measures.

BURKINA FASO

Political Situation

36. Burkina Faso maintained its relative stability throughout 2013, although there was an alleged assassination attempt on the President in September 2013, which points to potential insecurity in the country. Questions raised by the 2011 army mutiny are still fresh, and as the 2015 presidential elections draw closer, these questions may resurface in the political debate. Earlier, in July 2013, the capital Ouagadougou saw large demonstrations against the President for seeking to create a Senate.³¹ The creation of the Senate is seen as an attempt to extend the rule of the president, who has been in power since 1987, although he is scheduled to step down from office in 2015. In addition, the inflow of refugees from the conflict in Mali is likely to put added pressure on the economic resources in Burkina Faso, which may have consequences for the political situation.

37. The country has sent troops to intervene against the Islamists in the north of Mali, alongside other West African forces. In spite of this calm, however, the country faces a number of potential threats.

38. First is the possibility of a backlash against the country by terrorist groups operating in the Sahel, in response to the country's intervention in Mali. The cross-border activities of Boko Haram and Ansar Dine, from Cameroon to Mali, should serve as a wake-up call for Burkina Faso to be in a state of heightened alert. However, the country has also been playing a leading role in negotiating the release of hostages taken by the Islamists. This role can mitigate possible insurgency by the terrorist groups.

Economic and Financial Situation

39. Although considered a poor country, Burkina Faso has continued to register economic growth.³² The country's GDP is projected to grow by 7% to 8% in 2013. This is due mainly to performances in the primary and tertiary sectors. The fastest growing sectors are agriculture (14.5%), the

extractive industries (30.6%), livestock (11.3%) and trade (11.0%). The growth is dominated by the tertiary sector (43.2%), but the primary sector remains vital as it employs most of the workforce. Given the importance of the agricultural sector, the Government has sustained support to small farmers through distribution of higher-quality seeds, compost pits and farm equipment.³³ Sustaining this subsidy is crucial to maintaining both economic and political stability for the country.

40. The Government has also managed to reduce the rate of inflation to 2% through policies³⁴ that brought food prices down. It is also the only GIABA member State that has made business regulation transparent by making fee schedules in company registries, property registries, building departments and power distribution utilities accessible.³⁵ These reforms are geared towards boosting investment through an attractive business climate, although the country still ranked 153 out of 185 jurisdictions, according to the World Bank's Doing Business 2013 report, and 154 out of 189 countries in 2014. Furthermore, government revenues grew by 22.7%, driven by improvement in taxes. This improvement in tax revenues is a result of measures implemented to simplify and modernize the tax regime and customs system, combat fraud and forgery, and strengthen the performance of tax authorities.³⁶

41. Burkina Faso is currently implementing its Strategy for Accelerated Growth and Durable Development (SCADD) (2011–2015). The SCADD is aimed at creating more jobs and making the benefits of the high growth of recent years more inclusive, managing mining revenues more effectively, and revamping the energy sector through sustained funding.³⁷ In addition, the country is implementing an economic-growth acceleration program to ensure efficient exploitation of natural resources, and also developing infrastructure (roads, energy and ICT).

42. Burkina Faso faces significant development challenges. According to the 2013 Human Development Report, poverty and underdevelopment remain considerably high in Burkina Faso. The country ranks 183rd in the world on human development, with an index of 0.343.³⁸ Burkina Faso is highly dependent on cotton,

31 BBC News, Burkina Faso Profile. Available at <http://www.bbc.co.uk/news/world-africa-13072857>; *Africa Watch*, Volume 1, 12 September 2013.

32 IMF Press Release No. 13/420, 31 October 2013.

33 African Economic Outlook, 2013 Country Note on Burkina Faso.

34 IMF Press Release, op. cit.

35 Doing Business 2013, op. cit. p. 52.

36 African Economic Outlook, 2013 Country Note on Burkina Faso.

37 IMF Press Release, op. cit.

38 UNDP Human Development Report, op. cit.

thereby making its economy vulnerable to climatic shocks, and decline in international cotton prices could undermine growth, stability and development.

43. With regard to the 2013 IAG, Burkina Faso scored 53% and came 23rd out of 52 African countries. Although this is a fair performance by African standards, the country fell to the 41st position on human development.³⁹ Corruption is still perceived to be very high, and the country ranks 83rd out of 177 countries and territories in the world, with a score of 38% on the CPI of Transparency International.⁴⁰ The country therefore needs to accelerate governance reforms that would result in improved human development, taking advantage of its impressive economic performance. This should include fighting corruption and other ML/TF predicate crimes.

Prevalence of Predicate Crimes

44. Like all GIABA member States, Burkina Faso is a cash-based economy, with most transactions carried out through informal channels. With long, poorly manned borders in a region where terrorism and organized crime are on the rise, Burkina Faso is highly vulnerable to an array of predicate crimes to ML/TF. Drug trafficking, smuggling, contraband, and black market currency transfers are rife within it.⁴¹ As contained in its annual country report to GIABA,⁴² the most prevalent predicate crimes in Burkina Faso are drug trafficking, corruption, tax fraud, smuggling of precious stones and metals, bank fraud, forgery and capital market crimes.
45. The *World Drug Report 2013* cites Burkina Faso as one of the countries where cocaine use has risen in recent years.⁴³ This increased drug use may have been fuelled by the rise in the use of the country as a land trafficking route for Europe-bound cocaine. The *Trafficking in Persons Report 2013* also identifies Burkina Faso as a country of origin, transit and destination for human trafficking. Apart from the use of children for forced labour in homes, farms and mines, commercial sexual exploitation is rampant.⁴⁴ Commercial sexual exploitation is the most notorious of these and operates through an

underground market of young girls from within the country and from other ECOWAS member States en route to neighbouring countries or European destinations or intended to remain in Ouagadougou, the capital city.

46. Burkina Faso is landlocked, shares borders with six countries and lacks the required resources to police its borders adequately. This makes the country highly vulnerable to cross-border crimes that generate illicit money for ML. Also, some of the neighbouring countries host terrorist groups that operate across the region. Burkina Faso is therefore constantly faced with the combined threats of ML and TF, and is under pressure to strengthen its AML/CFT system.

AML/CFT Situation

47. Burkina Faso submitted the fourth follow-up report on its mutual evaluation to the GIABA 20th Technical Commission/Plenary in November 2013. The report provided details of the measures the country has taken since November 2012 to address the gaps identified in its AML/CFT system. The Burkina Faso FIU was admitted into the Egmont Group of FIUs in 2013, which is a sign that the country has made some progress in its AML/CFT system.
48. In addition, the Burkina Faso FIU, in collaboration with GIABA, organized a national sensitization workshop for DNFbps on the fight against ML/TF from 30 to 31 July 2013. The workshop was aimed at sensitizing and reinforcing the capacity of DNFbps to effectively implement AML/CFT measures, including identification and reporting of suspicious transactions.
49. According to the country report to GIABA, 135 STRs were submitted by reporting entities to the FIU in 2013, 132 of which are related to ML. However, only 10 of such reports were sent on to law enforcement agencies for investigation, with no convictions reported. While the efforts of the country in addressing its AML/CFT gaps are commendable, its inability to achieve conviction exposes the serious weakness of the country's AML/CFT system.

39 Mo Ibrahim Foundation, 2013 Ibrahim Index of African Governance.

40 Transparency International, Corruption Perception Index 2013.

41 See Know Your Country: Burkina Faso. Available at <http://www.knowyourcountry.com/burkina1111.html>.

42 GIABA, 2013 Synthesis of Country Reports.

43 World Drug Report 2013, op. cit., p. 46.

44 Trafficking in Person Report 2013, op. cit., p. 109.

Technical Assistance

50. GIABA provided some technical assistance to Burkina Faso in 2013. This included organizing a national sensitization workshop for DNFBPs on the fight against ML/TF, held in the capital, Ouagadougou, from 30 to 31 July 2013. The objective of the workshop was to sensitize the country's DNFBPs sector and reinforce its capacity to effectively implement AML/CFT measures, including identification and reporting of suspicious transactions. Also, through GIABA's active support, Burkina Faso's FIU was admitted as a member of the Egmont Group in 2013.
51. In the Country Report referred to above, Burkina Faso identified weak law enforcement, inadequate supervision and low capacity of regulatory authorities as the major obstacles to its AML/CFT system. In terms of technical assistance, Burkina Faso has identified the following priority areas: capacity-building for the FIU, enforcement agencies, and strengthening of international cooperation.
52. Specifically, the assistance required includes installing expert support for high-level training, international study tours, and bolstering of physical security through the acquisition of video surveillance. In order to address some of these gaps, the country has planned the following activities for implementation in the coming years:
- a) Optimal processing of the entire portfolio of STRs and transmission, where necessary, of enquiry reports to the prosecutor's office;
 - b) Adoption of the revised order setting up the National Monitoring Committee on GIABA Activities equivalent to the Inter-Ministerial Committee;
 - c) Establishment of the Advisory Committee on Administrative Freezing (CCGA); and
 - d) Continued execution of the 2012–2014 three-year operational plan for implementing the recommendations made in the MER.

Conclusion

53. Burkina Faso is faced with a number of ML/TF threats. The rising profile of violent Islamist organizations in neighbouring Sahel countries and the porosity of its long borders have heightened the country's vulnerability. Its burgeoning economy, which is largely cash-based, is also a natural attraction to organized crime.
54. The country has made impressive progress in strengthening its AML/CFT regime. Its membership of the Egmont Group of FIUs is a testimony to this progress. Yet the remaining deficiencies need to be addressed in order to effectively counter the threats of ML/TF.
55. Of particular importance is the need to drastically improve border security. Border protection is very costly, and Burkina Faso may not have the financial resources to fully monitor its long borders with six countries against the illegal movement of goods, cash and persons. The country needs to be supported in order to ensure that its borders are fully secure, taking into consideration the prevailing situation in its neighbourhoods.

CABO VERDE

Political Situation

56. Cabo Verde has maintained its reputation as a country with a stable democracy and good governance.⁴⁵ The country was ranked 1st in West Africa on Freedom House's 2013 Global Barometer of Freedom.⁴⁶ This means that the country has a strong commitment to the rule of law, a necessary condition for institutionalizing and sustaining the fight against ML/TF.
57. Cabo Verde's political governance is equally sound and exemplary. Having scored 76.7%, the country was ranked 1st in West Africa and 3rd in Africa on the 2013 IIAG. Also exemplary is the country's commitment to fighting corruption. Under Cabo Verdean law, bribery is punishable by eight years' imprisonment. Corruption scandals are not rife and can hardly be seen in the news. This strong commitment to combating corruption is critical to the success of Cabo Verde's AML/CFT efforts.

⁴⁵ African Economic Outlook, 2013 Country Note on Cabo Verde.

⁴⁶ Freedom House, *Freedom in the World 2013: Democratic Breakthroughs in the Balance*.

Economic and Financial Situation

58. Cabo Verde's economy is service-oriented, driven notably by tourism, and has been hailed as one of Africa's success stories.⁴⁷ Yet the economic and financial crises in the Euro-zone have resulted in economic slowdown and high unemployment in the country, not least because of its deepening economic ties with some countries in the Euro-zone; There are, however, signs of recovery.⁴⁸

59. The Government of Cabo Verde has responded to the slowdown by implementing reforms to restart growth. In 2010, the country signed a second compact with the United States of America under the Millennium Challenge Corporation (MCC). Compact II is part of a wider economic transformation agenda of the Government, which is focused on mobilizing private sector investment and improving domestic resource management. The five-year compact, which will last through 2015, is intended to increase household incomes.⁴⁹ Cabo Verde is the first African country, and the second in the world, to complete its first MCC compact. signed in 2005.

60. With such sterling economic performance, Cabo Verde became the second country, after Botswana, to be promoted in 2008 from the ranks of the 50 least developed countries by the United Nations. With the best development indicators in the region, Cabo Verde has now become a lower middle-income country. It is also one of only two countries in West Africa with a medium HDI.⁵⁰ The country is on track to achieve all its MDGs by 2015. This creates a strong incentive for Cabo Verde to protect its economic and financial system from the growing threats of financial crimes, including ML/TF.

Prevalence of Predicate Crimes

61. According to the 2013 US *International Narcotics Control Strategy Report* (INCSR),⁵¹ Cabo Verde is an important transit country for narcotics headed for Europe from South America via Africa, and most of the money laundering activities in the country result from drug

trafficking. The strategic location of the country puts it at the crossroads of the transatlantic narcotics trade.⁵² As an archipelago of islands, with a long coastline, the country has a terrain that is highly vulnerable to smuggling of drugs and other commodities. The *World Drug Report 2013* notes that over the last few years Cabo Verde has become a route for trafficking the so-called new psychoactive substances.⁵³ The trafficking of drugs in the country has also facilitated trafficking in persons. It is a source country for persons trafficked to Brazil, Portugal and other European countries to engage in forced transport of drugs.⁵⁴ There are less prominent reports of trafficking of girls from other West African countries for prostitution in the country.

62. While the length of the coastline and the difficult terrain may raise concerns about goods smuggling, the domestic market for smuggled items is insignificant.⁵⁵ Although, public sector corruption is not pronounced in the country. However, Transparency International's *Corruption Perception* survey report placed the country at 41st position in 2013. This is a drop in ranking from 39th in 2012.

63. It has been estimated that an equivalent number of Cabo Verdeans (about 600,000) are living outside the country, roughly equal to the number living inside it. The amount this diaspora population will remit home was estimated to be US\$170 million dollars in 2013. The local capacity to monitor the legitimate nature of these remittances is very weak. Considering that about 30% of the population is aged 15 or below, the challenges of migration and remittance monitoring will remain a concern for the country for some time to come.⁵⁶

AML/CFT Situation

64. Until 2013, Cabo Verde had been under the Enhanced Follow-up regime of the GIABA mutual evaluation process in view of its inability of the country to address the significant deficiencies in its AML/CFT system. However, when Cabo Verde presented its sixth follow-up report to GIABA in May 2013, it was removed from the enhanced process and placed under the regular

47 US Department of State. Available at <http://www.state.gov/r/pa/ei/bgn/2835.htm>.

48 African Economic Outlook, 2013 Country Note for Cabo Verde.

49 The MCC is a partnership between the USA and poor countries that demonstrate commitment to good governance, economic freedom and investment in their citizens.

50 The second is Ghana.

51 US Department of State, *Money Laundering and Financial Crimes Country Database*, 2013, p. 87.

52 US Department of State. Available at <http://www.state.gov/r/pa/ei/bgn/2835.htm>.

53 World Drug Report 2013, op. cit., p. 96.

54 Trafficking in Persons Report 2013, op. cit., pp. 122–3.

55 Ibid.

56 <http://www.iom.int/cms/en/sites/iom/home/where-we-work/africa-and-the-middle-east/central-and-west-africa/cape-verde.html>.



Group photo of participants at the national AML/CFT Strategy workshop held in Praia, Cape Verde, November 2013

- follow-up process, a less stringent process due to the country's notable progress in addressing some of the deficiencies. In particular, Cabo Verde enacted a CFT law which is largely compliant with the requirements of the FATF Standards.
65. In spite of this progress, a number of major deficiencies remain to be addressed by the country, particularly with regard to the criminalization of the full range of FATF designated predicate offences for money laundering. In late November 2013, GIABA supported the country to begin the process of developing a comprehensive National AML/CFT Strategy as a prelude to developing National Risk Assessment Framework in order to strengthen the AML/CFT system.
66. The country reported that 71 ML-related STRs were received by the FIU, but no case was forwarded to law enforcement for investigation and prosecution. As a result, the country did not record a single conviction. In view of these shortcomings, Cabo Verde's efforts on AML/CFT fall below expectations, given its sound governance credentials.
67. It is also worth noting that the DNFBP sector is not properly regulated with regard to AML/CFT compliance. This is a significant deficiency considering that DNFBPs play a significant role in the tourist industry and in the management of diaspora businesses and investments.

Technical Assistance

68. Cabo Verde needs to be engaged at the highest level in order to mobilize its huge potential for AML/CFT. In 2013 GIABA stepped up its engagement with the country. GIABA completed the installation of AML/CFT analytical software and a supply of hardware at the country's FIU. This assistance is meant to enhance the capacity of the FIU to analyse STRs and other reports that it receives from reporting entities. In addition, GIABA organized a national stakeholders' workshop to facilitate the development of a national AML/CFT strategy in Praia, in November 2013. A national training for FIU Analysts on Financial Intelligence Analysis was also provided to the country by GIABA in December 2013. The training was meant to enhance the capacity of the FIU to analyse financial disclosures, especially STRs, in order to establish the likelihood of evidence of ML/TF. The country has also benefited from regional programs organized by GIABA, and it has received support from the governments of Portugal and Brazil.

Conclusion

69. Cabo Verde is a good example of political stability and freedom in the region. The country has shown commitment to combating money laundering and terrorist financing. With a stable political system, a healthy economy, a relatively high HDI, and sound governance credentials, the country's performance on AML/CFT nevertheless needs to be stepped up. Cabo Verde enjoys a very good partnership with the USA on fighting drug trafficking and related crimes, but given the real threats of ML the country faces, Cabo Verde should deploy its resources efficiently to bolster its AML/CFT system.

70. Cabo Verde is called upon to increase its efforts to address its AML/CFT deficiencies. It should take advantage of the technical assistance from GIABA on national strategy to develop and adopt its National Risk Assessment Framework, allocate adequate resources to the FIU and capacitate it to perform effectively and then work towards the membership of the Egmont Group.

CÔTE D'IVOIRE

Political Situation

71. Emerging from a decade of war, Côte d'Ivoire continued to make progress in its postwar recovery and transition to stability throughout 2013. The Government stepped up the national program for reconciliation by resuming political dialogue with the main opposition party of former President Laurent Gbagbo. Also, local and regional elections were held peacefully in April 2013. However, some events revealed that there are still serious challenges to the political stability and security situation in the country.

72. The work of the Dialogue, Truth and Reconciliation Commission, established in September 2011 to promote national unity and which resumed in 2013, took off slowly. Although the local elections were peaceful, they were preceded by tensions during the campaign period⁵⁷ and were characterized by opposition boycott and low turnout. These developments are capable of undermining the credibility of the national healing and reconstruction process, and could portray the socio-political environment as still fragile.

73. A few incidents of violent clashes took place, mainly along the border with Liberia. Although these incidents have receded in the last few months, the Government is implementing a program of security reform with the support of its partners.⁵⁸ Such reform is essential to ensuring that the country's security forces are well governed, enjoy national legitimacy, act professionally, are accountable, and have the capacity to deliver on their mandate.

Economic and Financial Situation

74. In spite of the burden of postwar recovery, Côte d'Ivoire continued to sustain the impressive economic growth that started after the end of the war in 2011. Real GDP growth projections accelerated from 8.6% in 2012 to 8.9% in 2013,

⁵⁷ BBC News, Côte d'Ivoire Country Profile. Available at <http://www.bbc.co.uk/news/world-africa-13287585>.

⁵⁸ See the IMF Country Report on Côte d'Ivoire, No. 13/171.

projected to consolidate at 9.8% in 2014.⁵⁹ Driven by public investment, resurgence in consumption, resumption of oil and gas production, and strengthening of public–private partnership,⁶⁰ this growth is much faster and more vigorous than that expected of a postwar economy.

75. The country agreed an Enlarged Credit Facility with the IMF for the period 2012–2014. This is meant to support the implementation of the National Development Plan 2012–2015. Inflation was also brought down by deliberate policies to reduce the cost of living. Combined with the implementation of the national agricultural investment program, which is expected to boost crop production, the policies are projected to keep the rate of inflation at 2.2% in 2013 and 2.3% in 2014,⁶¹ below the limit of 3% set by the UEMOA community norm.
76. Other important reforms include the establishment of an integrated public employee management system. This was a product of a headcount of public sector workers, an exercise that led to the discovery of about 3,000 ghost employees and brought savings of up to 11 billion FCFA.⁶² In spite of this important step, the perception of corruption has deteriorated from 2012. While the country's ranking on Transparency International's CPI was 130th out of 176 countries in 2012, it dropped to 136th out of 175 countries in 2013.⁶³
77. Furthermore, in spite of the Government's drive to attract investment, the country dropped on the Doing Business ranking in 2013 from 167th out of 183 countries in 2012 to 177 out of 185 countries in 2013.⁶⁴ The country ranks 168th out of 186 countries in the 2013 UNDP HDI. With an HDI value of 0.432, the country dropped to 0.463 in 2012.⁶⁵ These challenges have narrowed the chances of achieving the MDGs by the target date of 2015. However, it is hoped that the implementation of the National Development Plan 2012–2015 will put the country on the path of inclusive development.

Prevalence of Predicate Crimes

78. The devastations of nine years of armed conflict, the cash-based economy, the porosity of the borders, the discovery of petroleum, and the resurgence of the country's leadership in the cocoa export market put Côte d'Ivoire in a position that increases its vulnerability to financial crimes and money laundering. In particular, organized criminal networks operated by other nationalities in the country add to this vulnerability.
79. Côte d'Ivoire's Country Report to GIABA for 2013 shows that all the prominent AML/CFT predicate crimes identified in other GIABA member States are also prevalent in the country. They include drug trafficking, corruption, tax fraud, smuggling in precious stones and metals, bank fraud, forgery, capital market crimes and cyber crime. Trafficking in persons is also rife. According to the US Department of State, the country is a source, transit route and destination for persons subjected to forced labour and sexual exploitation.⁶⁶ Trafficking within the country is, however, more prevalent than transnational trafficking.
80. The proceeds of these crimes are laundered through the real estate sector, cross-border cash movements, banks, insurance companies, DNFs, microfinance, and stock market investment.⁶⁷ The prevalence of these crimes, combined with the fragility of the country, calls for concerted efforts by Côte d'Ivoire to counter these threats.

AML/CFT Situation

81. The Government of Côte d'Ivoire has demonstrated commitment to its international AML/CFT obligations, and has expressed the will to strengthen its regime. This commitment led to the admission of the country's FIU into the Egmont Group in 2010.
82. Given the difficult political situation resulting from the protracted conflict in Côte d'Ivoire, the country's mutual evaluation could not be completed until May 2012. The

59 African Economic Outlook, 2013 Country Note for Côte d'Ivoire.

60 Ibid.

61 IMF Country Report on Côte d'Ivoire, op. cit.

62 African Economic Outlook, 2013 Country Note.

63 Transparency International's yearly Corruption Perception Index, 2012 and 2013.

64 Doing Business, op. cit.

65 See UNDP Human Development Report 2012 and 2013.

66 Trafficking in Persons Report 2013, p. 141.

67 GIABA Country Report 2013.

MER revealed a number of deficiencies in the AML/CFT regime. The first follow-up report on the mutual evaluation (discussed in detail in Chapter 3) submitted to GIABA Plenary in November 2013 showed that Côte d'Ivoire has made significant progress in addressing the deficiencies in its AML/CFT system. This is in spite of the difficult post-conflict situation.

83. It is worthy of note that Côte d'Ivoire's Inter-Ministerial Committee has remained active in ensuring national cooperation and coordination in the implementation of AML/CFT measures. The country has also adopted the uniform community laws criminalizing ML/TF in the WAEMU zone.
84. However, Côte d'Ivoire's AML/CFT system still has some significant deficiencies. For instance, the relevant WAEMU community laws have not been completely domesticated. In particular, the aspect relating to specific obligations of financial institutions on customer due diligence (CDD) measures has not been formally adopted. The criminalization of ML predicate offences under its AML/CFT laws does not cover terrorism, insider trading or market manipulation. Also, the structures and mechanisms necessary for the implementation of UNSCRs 1267 and 1373 and their successor resolutions are not fully in place.
85. In addition, conviction for ML/TF is still very low. Of the 135 STRs received by the FIU, only 12 have been investigated and prosecuted, while only 1 has resulted in conviction.

Technical Assistance

86. In order to strengthen the capacity of the FIU for analysis of STRs, GIABA completed the installation of AML/CFT analytical software and hardware for the FIU.
87. A key area that requires further capacity-building is the country's FIU, given the very low rate of investigations and prosecution of cases in the STRs received. Such capacity-building would involve advanced training on analyses for the FIU personnel, as well as equipping the FIU with ICT.

Conclusion

88. It is worth noting the significant progress that Côte d'Ivoire has made in strengthening the rule of law, enforcement and judicial capacities, and its AML/CFT legal framework. Yet the country needs to do more and work harder to address the remaining deficiencies in its AML/CFT regime. This includes amending the AML law to cover all predicate offences in line with the FATF Recommendations.
89. The country should also establish the relevant structures and mechanisms for the implementation of UNSCRs 1267 and 1373. The very poor rate of AML/CFT conviction, compared to the relatively high number of STRs, is a source of concern. Further reforms in the criminal justice system are required, particularly with regard to the prosecution and adjudication of money laundering cases, in order to raise the conviction rate.

The GAMBIA

Political Situation

90. The Gambia has remained politically stable since the military coups of 1994 that brought the incumbent President, Yahya Jammeh, to power. However, this political stability is generally perceived to have been built on coercion rather than on civil liberties, fundamental freedoms, democratic culture and popular participation. Democratic politics and human rights are still limited under a system where the ruling Alliance for Patriotic Reorientation and Construction Party dominates the political space, and there is little tolerance for dissent. Although there are a few opposition parties, they are very fragmented and do not appear to constitute any serious threat to the ruling party's dominance. While there is a parliament, the overwhelming dominance of the ruling party tempers democratic checks and balances in the country.
91. The Gambia has come under increasing international pressure to allow liberal democracy and grant civil liberties. Such pressure led the country to withdraw

from the Commonwealth of Nations in October 2013.⁶⁸ According to the Freedom House report, the Gambia's civil liberties rating declined in 2013 owing to the absence of due process for defendants in court.⁶⁹ The arrest and trial of citizens who express political dissent is frequently in the news.

92. The Gambia also continues to face governance challenges. It scored 52% and was placed on 27th position out of 52 countries on the IAG in 2012.⁷⁰ On the 2013 CPI of Transparency International, the country scored 28% and ranked 127th out of 175 countries in the world, which represents a decline from the 105th position out of 174 countries and a score of 34% in 2012.⁷¹

Economic and Financial Situation

93. Economic performance was modest in 2013. Real GDP was projected to grow by 4.3% and 5.1% in 2013 and 2014, respectively.⁷² This improvement is driven by expansion of the agricultural and tourism sectors. The country implemented prudent monetary policies that helped to contain inflation at a projected rate of 5%, a slight increase from 4.2% in 2012. The Government introduced the valued added tax (VAT) in January 2013, and this is expected to reduce the budget deficit to 5.2% of GDP in 2013 and 4.0% in 2014.⁷³ In spite of these efforts, poverty remains a serious challenge in the Gambia. The incidence of poverty is high as 36% of the population live on less than a dollar a day.⁷⁴ The country may therefore not meet its Millennium Development Goal on hunger by 2015.

94. Although the economy is driven mainly by the tertiary (services) sector – trade, tourism, transport and telecommunications, in terms of GDP⁷⁵ proportion and employment – the primary sector (mainly agriculture) accounts for about 44% of GDP. The agriculture sector, therefore, provides the key to alleviating poverty.

95. The Government received assistance worth €4 million from the EU and FAO to implement projects that would help the country achieve the MDG on hunger. The three-year assistance will help farmers grow vegetables and

develop their skills to sell them in the market.⁷⁶ The Government has also developed a National Agriculture Investment Plan. The objectives of the Plan include increasing food security, generating income and reducing poverty.⁷⁷ Faithful implementation of this Plan, with external assistance, would hopefully help the country to address poverty, thereby lowering the potential for criminal activities.

Prevalence of Predicate Crimes

96. The Gambia lacks the capacity to monitor the full stretch of its borders. Smuggling is therefore prevalent, though the country's customs collaborate with Senegalese counterparts to address the problem. As recent seizures of cocaine and marijuana demonstrate, the country is also one of the routes for drug trafficking in West Africa.⁷⁸ The high concentration of commercial banks in the Gambia is generally considered as disproportionate to the country's economy.

97. Tourism-related human trafficking is a thriving underground business in the Gambia. It is also a source, transit and destination country for women and children subjected to forced labour and sex exploitation. The *Trafficking in Persons Report 2013* reveals that the booming sex tourism industry propels the recruitment of young (sometimes under-aged) girls from nearly all ECOWAS member States by traffickers to meet the demands of European child-sex tourists.⁷⁹

98. Cross-border movement of cash is a serious challenge due to the economic activities of nationals from other countries. Because of the strict monitoring of foreign exchange transfers in Senegal, the Gambia has become very attractive for such transactions because of its more liberal policies.

99. The most prevalent predicate crimes in the country in 2013 were drug trafficking, corruption, tax fraud, bank fraud and fraud in other investments. According to the Country Report provided by the Gambia, the proceeds of these crimes are typically laundered through the real estate, cross-border cash movements, banks and DNFBPs.

68 See BBC News, UK regrets the Gambia's withdrawal from the Commonwealth. Available at <http://www.bbc.co.uk/news/uk-24376127>.

69 Freedom in World 2013...p. 7.

70 IAG, 2013.

71 See CPI for both 2012 and 2013.

72 African Economic Outlook, 2013 *Country Note on The Gambia*.

73 Ibid.

74 Ibid.

75 Ibid.

76 European Commission, EU and FAO *help six countries achieve the Millennium Development Goal on hunger*. Press Release, Brussels, 26 September 2013.

77 African Economic Outlook, op. cit.

78 INCSR 2013, op. cit., p. 152.

79 Trafficking in Persons Report 2013, pp. 173–4.

AML/CFT Situation

100. Progress in the implementation of AML/CFT measures in the Gambia has been slow. In 2012, the Gambia enacted the new AML/CFT law, reactivated the Inter-Ministerial Committee and appointed a Director for the FIU. These measures have helped to address some of the deficiencies in the country's AML/CFT regime.
101. However, the seventh follow-up report of the country, submitted in November 2013, shows that it has not addressed a number of the strategic deficiencies in its AML/CFT system. The most crucial of these deficiencies are the non-criminalization of the full range of predicate offences, absence of effective laws and procedures for implementing UNSC Resolutions 1267 and 1373, and lack of ratification of various instruments on counter-terrorism. In particular, the country has not ratified the key UN International Convention on the Suppression of the Financing of Terrorism.
102. However, the FIU received funding from the African Development Bank to support the implementation of the requirements of the Anti-Money Laundering and Combating of Terrorism Financing Act 2012. A consultant is to be recruited to help in the process. The work schedule has also been developed.
103. In 2013, the FIU received 20 STRs, of which 16 are linked to money laundering. Out of this number, 10 cases were forwarded to the law enforcement agencies for investigation. In one of the cases involving suspected ML-related drug trafficking worth US\$500,000, investigations showed that the funds were genuine.
104. In another case involving illegal gold mining and smuggling worth US\$400,000, the Netherlands Government has sought mutual legal assistance to recover illicit funds in a commercial bank in the Gambia. Consequently, the FIU and the Financial Supervision Department of the Central Bank conducted a joint prudential visit to the bank. As reported by the country, the mutual assistance process will be completed soon to determine and detail financial trails that could be traced to several banks.
105. While the status of the other investigations is not known, however, and there has been neither prosecution nor conviction. The low level of reporting and the lack of prosecution and conviction in the face of real ML/TF threats are matters of concern. The main obstacles to implementation of AML/CFT measures in the country are weak law enforcement and the low capacity of regulatory authorities.

Technical Assistance

106. The installation of AML/CFT analytical software and hardware in the Gambia's FIU was completed in 2012. This was to enable the country to effectively process STRs and CTRs (cash transaction reports) for further investigation and prosecution by competent authorities. In addition, the country benefited from a regional training for accountants in Anglophone GIABA member States in September 2013. The training was held to sensitize professional accountants to their AML/CFT obligations under the revised FATF Standards.
107. The Gambia expressed its technical assistance needs to include capacity building in the following areas: FIU (training, awareness-raising and ICT equipment), law enforcement (training), the judiciary (training), regulatory/supervisory bodies (training), financial institutions (training), DNFBPs (training), legislative (training), and civil society and media (training).

Conclusion

108. At the November 2013 Plenary, the Gambia was called upon to demonstrate greater commitment to the implementation of its AML/CFT measures. The country was directed to address its AML/CFT strategic deficiencies and submit a follow-up report in May 2014, failing which a public statement will be published on the country. These serious measures have been taken by the Plenary because of the high risk associated with the country's low compliance level.
109. The Gambia therefore needs to mobilize all required resources, including political commitment at the highest level, in order to mitigate the ML/TF risks it faces. It is also

in the interest of the Gambia to address these deficiencies urgently in order to avoid being blacklisted as a country not making sufficient progress to improve its AML/CFT system. The consequences of this action on the country's economy will be enormous.

GHANA

Political Situation

110. Ghana's credentials on democratic governance were tested in 2013 after the demise of President John Atta Mills. The first test was the seamless swearing in of President John Mahama in January 2013, after the Electoral Commission declared him the winner of the December 2012 presidential election. In a region where politics of succession has, more often than not, been marred by tension and sometimes violence in a number of countries, the peaceful transition was exemplary of democratic and institutional maturity.
111. Second, the electoral victory was fiercely disputed and referred to the judiciary. While the country's Supreme Court confirmed the validity of the Electoral Commission's declaration, the patience of all the stakeholders to allow the dispute go through the judicial process right up to the apex court proved that Ghana's institutions of democracy can stand the test of time.
112. The supportive political environment provided the context for the country's continued improvement in governance. Ghana occupied the 63rd position on Transparency International's global index of corruption, with a score of 46%. In 2012 it was on the 64th position, with 45%.⁸⁰ On Mo Ibrahim's governance index, the country was placed on the 7th position out of 52 African countries, with a score of 66.8%.⁸¹ Late in the year, the president sacked a minister who, *inter alia*, was overheard boasting that she would **make USD 1,000,000.00 during her tenure of office as a politician** if she had the opportunity. This singular action demonstrated the President's intolerance for corruption and sent a strong message to public officials.

Economic and Financial Situation

113. Ghana has one of the fastest growing and best performing economies in the region. The GDP is projected to grow at the rate of 8.0% in 2013 and 8.7% in 2014.⁸² This performance is owed to revenues from investments in the new oil and gas sector, strong performance on the export of gold and cocoa, and huge investments in public infrastructure and commercial agriculture.⁸³ While this performance is noteworthy, the economy faces some challenges.
114. The country dropped by a point in the World Bank's Doing Business 2013 report⁸⁴ from the 63rd to the 64th position, an indication that Ghana's business climate is seen to be less attractive in 2013 than the previous year. Also worrying is the upward inflationary pressure. These have been attributed to pressure on government expenditure, foreign exchange depreciation, the higher-than-budget wage bill of public sector employees, and high energy subsidies.⁸⁵ Indeed, Ghana's currency, the Cedi, was one of the worse-performing currencies in the international currency exchange market in 2013.
115. The redenomination of the Cedi should serve as a lesson to other countries in the region. The main lesson is that once a currency is redenominated to the full extent possible, as Ghana did in 2007 (approximately on parity with the US dollar), inflationary pressure stretches the elasticity of the local currency due to uncontrollable factors, especially imports in the absence of local production and the effects arising from the cash-informal economy nexus. This issue is critical to effective implementation of AML/CFT measures given that inflation erodes purchasing power, thereby reducing real income of citizens, making them poorer and thus more susceptible to crime.
116. In spite of these challenges, the combination of good governance and rapid growth has impacted on human development in the country. Ghana has made significant progress on most of the MDGs, although the targets of child mortality, maternal health and sanitation

80 See Transparency International's CPI 2012 and 2013.

81 Mo Ibrahim Foundation, *op. cit.*

82 African Economic Outlook, 2013 Country Note for Ghana.

83 *Ibid.*

84 Doing Business, *op. cit.*

85 African Economic Outlook, *op. cit.*

remain a big challenge.⁸⁶ Human development performance is mixed as the country's HDI, as published in the UNDP Human Development report for 2013, dropped by one point from its position in 2010.

117. In response to these challenges, the Government is implementing the Ghana Shared Growth and Development Agenda 2010–2013. The Agenda covers macro-economic stability; private sector competitiveness; agricultural modernization and natural resource management; oil and gas development; infrastructure and human settlements development; human capital development, productivity and employment; and transparent and accountable governance.⁸⁷

Prevalence of Predicate Crimes

118. The rapid growth of the Ghanaian economy without adequate safeguards is a natural attraction for criminals. The US Department of State's INCSR (2013, vol. II) listed narco-trafficking, various forms of fraud and public sector corruption as the main predicate crimes for money laundering in the country.⁸⁸ According to the report, public sector corruption operates mainly through the channels of public procurements and awarding of licences. Emerging crimes also listed are advance fee fraud (known locally as sakawa), credit card identity fraud and ATM account numbers, and cheque cloning.

119. Ghana reported its most prevalent predicate crimes to include: drug trafficking, corruption, tax fraud, smuggling of precious stones and metals, other investments, bank fraud, forgery, capital market crimes and cyber crime.⁸⁹ The large informal proportion of the Ghanaian economy permits the thriving of these crimes because detection and tracking of dubious transactions is extremely difficult in such an environment.

120. Significant drug seizures were reported in the year. These included the seizure of 442,029.3933G of cocaine aboard a Guyanese Vessel MV ATIYAH ES-

ALISAM VESSEL worth over 50 million US dollars, on November 19, 2013. Furthermore, the UNODC recently reported that Ghana has become one of the sources of methamphetamine from West Africa.⁹⁰ Most revealing, in May 2013, Managing Director of a private security company operating at the Landside car parks of Ghana's international airport was arrested with two Nigerians and a Colombian for conspiring to smuggle Afghan heroine to New York.⁹¹ The case is currently being prosecuted in the USA.

121. Trafficking in persons (including migrant smuggling) is also a prevalent crime in Ghana. It is designated as a country of origin, transit and destination for men, women and children subjected to forced labour and sex trafficking.⁹² Ghanaian ladies are recruited by fraudulent agencies and exported to countries in West Africa, Europe, the USA and the Middle East for forced labour and sexual exploitation or forced prostitution.⁹³ Trafficking of young persons within the country is, however, more prevalent than transnational trafficking.

122. According to the INCSR, the proceeds of these crimes are laundered through investments in banking, insurance, real estate, automotive and general import businesses, and donations to religious institutions. The sale of cars stolen from abroad (mostly from the USA), and trade-based money laundering are sometimes used to repatriate 'profit' or to evade customs duties and other taxes.⁹⁴ The emergence of the oil and gas sector, with its enclave nature of transactions, is also likely to increase Ghana's vulnerability to ML/TF. Accordingly, pursuant to section 21(2) of the Anti-Money Laundering Act, 2008 (Act 749), the Minister by L.I. 1987 expanded the scope of reporting entities of Suspicious Transaction Reports to include operators in the Oil/Gas, Mining, Freight Forwarding and Timber sectors.

86 UNDP Human Development 2013, op. cit.

87 African Economic Outlook.

88 INCSR 2013 vol. II, p. 157.

89 GIABA, Synthesis of Country Reports 2013.

90 UNODC, West Africa; 2012 ATS Situation Report – A Report from the Global SMART Programme (Vienna, June 2012).

91 BBC News, Ghana ex-airport official, Adelaquaye, faces US drug charges, 5 June 2013.

92 Trafficking in Persons Report 2013, p. 178.

93 Ibid.

94 INCSR 2013 vol. II, p. 158.

AML/CFT Situation

123. Ghana has continued to make significant progress in improving its AML/CFT regime since 2012 when it was placed under the FATF International Review process because of the high risks associated with the country's non-compliance with the key and core recommendations of the FATF Standards. A Public Statement was also issued on Ghana by the FATF in early 2012.
124. Ghana's fifth follow-up report to the GIABA Plenary in November 2013 showed that the country had made significant progress in addressing the deficiencies identified in its mutual evaluation, with considerable support from GIABA. This progress resulted in the country's exit from the FATF International Review process earlier in the year.
125. The specific actions undertaken by Ghana are discussed in Chapter Three of this report. To reinforce the momentum of progress recorded in the year, the Ghana Financial Intelligence Centre (FIC) signed an MoU with the FIUs of Burkina Faso, Cabo Verde and Guinea Bissau in 2013.

Technical Assistance

126. The technical assistance provided by GIABA to Ghana enabled the country to make the giant strides towards strengthening its AML/CFT system. Specifically, GIABA facilitated Ghana's engagement with the FATF Regional Review Group and the on-site visit to Ghana, which took place from 14 to 18 January 2013. GIABA supported the country to review and adopt executive guidelines for the implementation of UNSCRs **1267, 1373, 1718, 1737**, successor resolutions **and any other relevant resolutions**.
127. Other assistance to Ghana by GIABA included capacity building on economic and financial crimes for Ghana's judges, investigators and prosecutors. A full account of the technical assistance received by Ghana is presented in Chapter Five of this report.

128. In spite of the progress made by Ghana, there are still important gaps in the country's regime that will require further assistance to fill. Two main obstacles to effective implementation of AML/CFT measures, as submitted by Ghana in its 2013 *Country Report*, are weak enforcement and the low capacity of regulatory authorities. The technical assistance needs that Ghana has expressed are in the areas of FIU (training and ICT equipment), and training in enforcement agencies, judiciary, regulatory/supervisory agencies, financial institutions, and international cooperation.

Conclusion

129. Ghana's enduring political stability, exemplary democratic consolidation and rapid economic growth are an advantage that is expected to help the country evolve a robust AML/CFT regime. The progress the country has made in the last eighteen months as a result of regional and international pressure and mentoring shows that Ghana has the capacity to attain compliance with acceptable international AML/CFT standards. What is required to mobilize this capacity efficiently and effectively is political commitment at the highest level of decision-making.
130. Ghana should ensure that the current momentum is sustained and that the greatest political will is galvanized towards addressing the remaining deficiencies in the country's AML/CFT regimes. It should become clear to national authorities that its emergence as a petro-dollar economy comes with high risks. Sound governance practices, therefore, need to be put in place as the financial sector expands.

GUINEA

Political Situation

131. The political situation in Guinea, though improving, remains fragile. This fragility was evidenced by the postponement of the parliamentary elections, originally slated for May 2013, due to violent clashes

between opposition groups and the police.⁹⁵ As a result, the elections were held in September 2013, after which the first legislature was inaugurated.

132. During the year under review, the country commenced the reform of its military, which had been implicated in bloody episodes of violence, particularly in the period leading to the transition to democratic rule. The reform is aimed at professionalizing the armed forces by instilling in them respect for civil supremacy, democracy and constitutional order. The sudden death of General Kelefa Diallo in a plane crash in early 2013 threatened the continuation of the military reform.⁹⁶ General Diallo had overseen the reform process and it is not clear how much his death has affected the momentum for transformation in the prevailing fragile atmosphere.

Economic and Financial Situation

133. Guinea is considered as an example of the 'paradox of plenty', not least because it remains very poor and underdeveloped in spite of its rich mineral endowments. The country was ranked 178th out of 187 countries on the 2013 HDI. Underscoring Guinea's developmental challenges are inadequate infrastructure and services, weak administrative systems, and an embryonic private sector.

134. Nonetheless, the Guinean economy is expected to grow by 4.5% in 2013.⁹⁷ Inflation declined from 19% in 2012 to 12.8% at the beginning of 2013.⁹⁸ Furthermore, although investment slowed down in the mining sector, net external assistance stood at 1.4% of GDP, including a \$90 million grant from Abu Dhabi, most of which will be used for additional investment.⁹⁹

135. Guinea's external debt stock reduced drastically, as the country reached the completion point under the enhanced Heavily Indebted Poor Countries (HIPC) index in late 2012. The debt stock fell by about US\$1.95 billion, due to the relief provided by multilateral and bilateral creditors.¹⁰⁰ Despite these positive developments, poverty remains a considerable challenge in the country.

136. To address infrastructural inadequacies and other developmental challenges, the Government of Guinea has developed its third Poverty Reduction Strategy Paper (PRSP III), which covers the period 2013–2015. The priorities of PRSP III are (i) strengthening democracy and the effectiveness of the state; (ii) accelerating diversified economic growth; (iii) increasing employment; and (iv) reducing regional inequalities. The next challenge is the financing of the implementation of the Action Plan of the PRSP. It is encouraging that the country has developed a strategic approach to fighting extreme poverty, as this is crucial for removing the incentives to engage in criminal activities.

Prevalence of Predicate Crimes

137. The difficult socio-economic conditions in Guinea make it easy for transnational organized crime to thrive. Also, the country's informal and cash-based economy, weak law enforcement and poor record-keeping and widespread corruption provide a fertile environment for predicate crimes to flourish.¹⁰¹ Among these crimes are drug trafficking, smuggling of commodities, weapons and ammunition, and currency counterfeiting.

138. The *World Drug Report 2013* lists Guinea as the 17th most frequently mentioned country of origin for individual cocaine seizure cases in 2011–2012.¹⁰² The UNODC 2012 *ATS Situation Report* also included Guinea as a point of origin of methamphetamine trafficked to East and Southeast Asia.¹⁰³ Human trafficking is also a thriving component of organized crime in the country, although it is more of a source and transit country than a destination country for persons subjected to forced labour and sex trafficking.¹⁰⁴ Women and girls from the country are mostly subjected to domestic servitude and sex trafficking in Nigeria, Côte d'Ivoire, Benin, Senegal, Greece and Spain.

139. Some of the known techniques for laundering the proceeds of these crimes include investment in real estate in Guinea for immediate sale, purchase of diamonds or gold for resale, and resale of stolen cars from the USA.¹⁰⁵ The weakness of public institutions of

95 BBC News, Guinea Country Profile.

96 Ibid.

97 IMF Country Report No. 13/192.

98 Ibid. However, it was projected that inflation will decline to 10.6% in 2013.

99 Ibid.

100 Ibid.

101 US Department of State, *Money Laundering and Financial Crimes Country Database 2013*, p. 170.

102 World Drug Report 2013, p. annex viii.

103 See UNODC, 2012 *ATS Situation Report*.

104 Trafficking in Persons Report 2013, p. 183.

105 Ibid.

governance, occasioned by decades of misrule and political crises, has made confronting the threats of ML/TF particularly challenging for Guinea.

140. The porosity of Guinea's borders, which it shares with six other countries, most of which have a long history of conflict, makes the country particularly vulnerable to transnational organized crime. The country lacks the capacity to effectively monitor those borders against the risk of crime. The dominance of the informal sector in a cash-based economy also facilitates financial crimes, particularly ML/TF. There is a large presence in the country of a Middle Eastern community, as well as an informal money transfer service, though there is no evidence to link the businesses of members of this community to terrorism or terrorist financing.

AML/CFT Situation

141. Owing to the difficult political situation in Guinea, the mutual evaluation of Guinea did not take place until late 2012. The MER revealed tremendous weaknesses in the country's AML/CFT regime that needed to be addressed urgently. These weaknesses include non-existence of a functional FIU, inadequate criminalization of ML/TF, inadequate implementation of reporting and CDD obligations, weak supervision or regulation of business entities, ineffective enforcement, and lack of an AML/CFT national strategy.
142. The absence of an FIU until very recently has meant that reporting entities do not generate CTRs, STRs and other reports for analysis and investigations. There are also no ML/TF prosecutions and convictions. In the last quarter of 2013, Guinea established an FIU and appointed its board members.

Technical Assistance

143. Since the completion of the mutual evaluation of Guinea, GIABA has closely engaged the country's authorities in order to galvanize its political commitment to strengthen its AML/CFT system. GIABA also delivered some technical assistance to Guinea in 2013.

144. In May, GIABA completed the installation of a currency scanner at the Conakry International Airport and trained 12 customs officials on the use of the scanner. The objective of this assistance is to help Guinea track and control cross-border movement of cash that may involve ML/TF. GIABA is waiting for the start of operations by the FIU to facilitate the installation of the AML/CFT analytical software and hardware, as it had done for other member States' FIUs.

Conclusion

145. Although Guinea faces huge political, economic and development challenges, it needs to give urgent attention to building its AML/CFT regime. Its failure to prioritize AML/CFT issues could mar the modest political and economic gains it has made in the last few years, given its high-risk environment.
146. The country's authorities should, therefore, adequately criminalize ML/TF, in line with international standards, as a matter of urgency. It should also ensure that the newly established FIU is adequately resourced and staffed, develop and adopt its national strategy as a prelude to developing its National Risk Assessment Framework, strengthen its supervisory regime, and enhance the capacity of law enforcement and the judiciary to combat financial crimes, including ML/TF.

GUINEA BISSAU

Political Situation

147. The political situation in Guinea Bissau appears to be on the path to normalization, though uncertainties remain. Since the military coup of April 2012, Guinea Bissau was thrown back to the conflict, violence and instability that had characterized the country's history since the first coup of 1980. Although the current military junta has put a transition program in place, largely due to the pressure from the international community, including ECOWAS, its commitment to the implementation of that program is still in doubt as agreed transition timelines have not been respected.

148. According to the program, on which there was agreement by national, regional and international stakeholders, the transition should culminate in the holding of presidential and parliamentary elections in November 2013. However, the military authorities of Guinea Bissau unilaterally altered the timetable, and the elections have been postponed to 16 March 2014. This singular action and the overall body language of the junta have led to mistrust among stakeholders, raising fears that the transition may never be adhered to. This could lead to the deterioration of an already fragile security situation in the country.

149. In a statement released in December 2012 the UN Security Council warned the authorities of Guinea Bissau against further postponements of the election date. It also threatened the authorities with targeted sanctions if the dates were shifted again.¹⁰⁶ Hopefully, this pressure will ensure the timely completion of the transition and restoration of constitutional order.

Economic and Financial Situation

150. Guinea Bissau is one of the poorest countries in the world, ravaged by bitter civil conflict and decades of economic mismanagement by an autocratic political class. The economy picked up after the recession of 2012. Real GDP growth was projected to rise to 4.2% and 3.5% in 2013 and 2014, respectively.¹⁰⁷ The slow recovery has resulted in forcing the rate of inflation down to projected 3.3% and 2.5% in 2013 and 2014, respectively.¹⁰⁸ Also, budgetary discipline and improved revenue generation are projected to shrink the budget deficit of 2.3% of GDP in 2012 to 0.8% of GDP in 2013.

151. The economy is dominated by agriculture, mainly cashew farming and fisheries, which employ about 72.4% of the working population. These sectors hold the promise of reducing unemployment and grinding poverty. However, these sectors are seriously underdeveloped and rudimentary,¹⁰⁹ and far from being able to deliver the desired expectations because the failure of a sound governance environment has retarded the progress from economic potentials to real human development.

152. Among GIABA member States, Guinea Bissau is the country with the fastest deterioration in governance, according to the 2013 IAG. With a score of 37.1 and 46th position out of 52 countries, there was a slip of – 1.8 points in 2013.¹¹⁰ It is also the only GIABA member State to score less than 20% in the global measurement of corruption in 2013.¹¹¹ The low HDI of the country also reflected this downward trend of good governance indicators.

Prevalence of Predicate Crimes

153. The dominant ML/TF predicate crimes in Guinea Bissau are drug trafficking and corruption. In recent times, the country has acquired the notorious reputation of a hub for the international illicit drug trade, especially cocaine from Latin America. According to the recent US Department of State report on money laundering, *'traffickers from Latin America and collaborators from the region continue to take advantage of the extreme poverty, unemployment, political instability, lack of effective customs and law enforcement, corruption, and general insecurity to make the country a major transit point for cocaine destined for consumer markets, mainly in Europe.'*¹¹² The corrosive environment of pervasive corruption has, since the mid-2000s, permitted the conversion of the country into what some call the *'the world's first narco-state,'*¹¹³ in which *'illicit drug trafficking becomes the unofficial function of state authority and a major contributor to the national economy.'*

154. As the US State Department reported, the drug trade operates through a triangle of state officials, military officers and drug trafficking networks. While large seizures of major drug shipments have been made several times by the police in the past years, some of the arrested traffickers and seized narcotics have later vanished from the State's prisons and coffers, with no explanation being given by the country's authorities.¹¹⁴

106 Security Council Presidential Statement, Deploring Military Interference, Urges Guinea-Bissau Authorities to Ensure Elections Without Further Delay. UNSCR release S/PRST/2013/19, 9 December 2013.

107 African Economic Outlook, 2013 Guinea Bissau Country Note.

108 Ibid.

109 Ibid.

110 See the 2013 IAG.

111 See Transparency International's 2013 CPI.

112 Money Laundering and Financial Crimes Country Database 2013, p. 172.

113 Ed Vulliamy, 'How a tiny West African country became the world's first narco state', The Guardian, 9 March 2008 (<http://www.theguardian.com/world/2008/mar/09/drugstrade>); See also TSG IntelBrief: Guinea-Bissau: The World's First Narco-State, 18 September 2013.

114 US Department of State, Money Laundering and Financial Crimes Country Database 2013, op. cit. p. 172.



The Director General, Dr. Abdullahi Shehu and the Prime Minister of the Transition Government of Guinea-Bissau, His Excellency Eng. Rui Duarte Barros, next to the scanner provided by GIABA and installed at the Bissau airport. It occurred at the end of DG's advocacy visit to Bissau 31 March 2013.

155. In April 2010, the US Treasury froze the assets of two top Bissau-Guinean military officers and designated them as drug kingpins. In April 2013, ex-navy chief Jose Americo Bubo Na Tchuto was arrested by US Drug Enforcement Agency officials and charged with drug trafficking. In the same month, the US Department of Justice accused armed forces Chief of Staff, António Injai, of plotting to traffic cocaine and sell weapons to Colombian rebels.¹¹⁵ While there has been no conviction on ML/TF, the prevalence of drug trafficking and corruption strongly suggests that Guinea Bissau is highly vulnerable to ML/TF risks.
156. To a lesser extent, trafficking in persons is also a prevalent predicate crime in the country. It is increasingly a country of source and destination for young persons trafficked into forced labour and sexual exploitation.¹¹⁶

AML/CFT Situation

157. Since 2012, Guinea Bissau, under the mentoring of GIABA, has made moderate progress in addressing the deficiencies in its AML/CFT regime. The country has enacted the CFT law, which has received Presidential Assent, and has published the law in the official gazette. The country has also implemented awareness-raising programs on the CFT law for reporting entities.
158. In spite of this modest progress, a number of deficiencies remain. They include the non-criminalization of the financing of individual terrorists, lack of administrative measures for freezing terrorist funds and other assets, a low number of STRs, absence of effective supervision of

¹¹⁵ BBC News.

¹¹⁶ Trafficking in Persons Report 2013, p. 185.

reporting entities, a lack of the requisite facilities to absorb technical assistance with regard to the deployment of AML/CFT analytical software, and non-release of the budget of the FIU. In 2013, only one STR was received by the FIU and, although it was sent on to investigating authorities, there was no investigation or prosecution. The country reported that the main obstacles to implementing AML/CFT measures are inadequate supervision, the low capacity of regulatory authorities and weak political commitment.

Technical Assistance

159. Given the unique situation of post-conflict recovery in Guinea Bissau, GIABA has continued to mentor the country to strengthen its AML/CFT regime, although the country lacks the capacity to fully absorb the full range of GIABA's technical assistance. GIABA is about to install the AML/CFT analytical software for the FIU. This assistance was delayed because the FIU only recently secured suitable office accommodation. Also, the Director General of GIABA led a high-level advocacy mission to Guinea Bissau in March 2013, to engage with the authorities of that country in order to mobilize political support for AML/CFT. Also, in March, the sixth edition of the GIABA Open House was hosted in Bissau, Guinea Bissau, to sensitize the youth on AML/CFT. Furthermore, a sensitization program was organized by GIABA for the financial institutions of the country in April 2013. Beyond these support measures, Guinea Bissau has expressed its future technical assistance needs as training, awareness-raising and ICT equipment for its FIU.

Conclusion

160. Based on the remaining deficiencies in the country's AML/CFT regime, Guinea Bissau is currently on the Enhanced Follow-up program of the GIABA mutual evaluation process. It has an obligation to submit its seventh follow-up report to the GIABA Plenary in May 2014. The country therefore needs to expedite actions to address the remaining deficiencies in its AML/CFT system.

161. To start with, the country's authorities should demonstrate sufficient commitment to the implementation of AML/CFT measures. The country also needs to improve the coordination of efforts at the national level.

LIBERIA

Political Situation

162. Ten years after the end of a devastating civil war, Liberia is solidly on the path of sustained peace and democratic development. The return to peace was given credence when, at the start of the year, the return of over 155,000 Liberian refugees from neighbouring countries under a program of the UN High Commission for Refugees (UNHCR) was completed. Furthermore, Liberians now enjoy freedom of expression, with an increasingly independent and investigative media that is able to hold government to account and openly challenge the abuse of public office.

163. Yet, the security situation, though stable, remains fragile. The continued presence of the UN mission and its recent reinforcement give indication that the peace is still to be consolidated. In mid-September of 2013, the mandate of the United Nations Mission in Liberia was extended for another year by the UN Security Council, which confirmed that the situation there still constitutes a threat to international peace and security in the region. Moreover, the mission was boosted with additional deployment of 140 members of a riot police unit.¹¹⁷

164. The Government has come under increasing pressure to tackle corruption, which is one the most lingering post-war governance challenges in the country. Liberia's ranking on Transparency International's CPI dropped from 75th in 2012 to 83rd in 2013. This shows that, in spite of government's efforts in establishing anti-corruption institutions, progress has been slow.¹¹⁸ Corruption remains a serious problem, particularly in the security sector. The Liberian National Police have

¹¹⁷ *The New Dawn*, 'Chinese Riot Police Here', 2 October 2013.

¹¹⁸ In October, the head of the UN Mission decried the slow progress in the fight against corruption. See *New Democrat*, 'Slow Progress in Anti-Corruption Fight' – SRSG, 3 October 2013.

acquired a notorious reputation as predators on the population, who must always pay to get justice.¹¹⁹ This is a potential area of tension, not least because the popular expectation after the last elections is for government to tackle corruption and take advantage of the country's peace dividend of rapid economic growth to increase employment as promised during the campaigns.

Economic and Financial Situation

165. Since the end of the conflict in 2003, the Liberian economy has continued to grow rapidly and has remained on a solid footing. Real GDP is projected to grow at 7.7% in 2013 and 5.4% in 2014, sustaining the 7.5% average of the past decade.¹²⁰ This impressive growth was driven mainly by the strong performance of the mining sector (iron-ore export). Construction and the service sectors have also been strong drivers of the economy.¹²¹ Despite this strong growth, unemployment remains a big challenge and the country's infrastructure is in dire need for renewal and expansion.

166. According to the country's Minister of Finance, the few jobs that are being created as the economy expands have been driven mainly by an enclave sector.¹²² Enclave sectors (mining) can generate only a few specialized jobs, mainly for highly skilled expatriates at the expense of low-skilled local labour. In response to this challenge, the Government began implementing the Agenda for Transformation (the second poverty reduction strategy) in 2013. The program is intended to remove key infrastructure constraints, particularly in energy, roads and ports, and to support youth capacity development in agriculture.

167. According to the IMF, inflation is projected to rise to 8% in 2013.¹²³ This inflationary pressure comes from higher domestic and international food prices and recent depreciation of the exchange rate, though inflation is expected to decrease to 6% in 2014.¹²⁴ In addition, the economy is highly dollarized, with the US dollar making up to 75% of the money supply.¹²⁵ Higher commodity prices have exacerbated an already tough condition of

human development in the country. Liberia ranks close to the bottom of the human development index, with a position of 174 out of 187 countries.¹²⁶ While this is likely to put constant pressure on the local currency, the combination of corruption and low human development makes Liberia highly vulnerable to acquisitive crime. Also, the continued simultaneous use of both US dollars and Liberty dollars (Liberia currency) in business transactions makes the country very attractive for money laundering activities, especially currency counterfeiting.

Prevalence of Predicate Crimes

168. The most prevalent ML/TF predicate crimes in 2013 are drug trafficking, corruption, tax fraud, smuggling of precious stones and metals, bank fraud and forgery. Corruption is a serious predicate crime.

169. Though not listed in the Country Report submitted to GIABA, human trafficking is prevalent in Liberia. According to the *Trafficking in Persons Report 2013*, most victims of human trafficking originate from and are exploited within the country's borders, where they are subjected to domestic servitude, forced begging, sexual exploitation, or forced labour in street vending, rubber plantations and alluvial diamond mines.¹²⁷ However, to a lesser degree the country is also a host to victims of human trafficking from other countries as well as an exporter of victims to other countries.

170. While evidence has been hard to secure, there is a disturbing trend among senior government officials to live far beyond their legitimate earnings and to deliberately block assets verification. In a report, the Liberia's Anti-Corruption Commission (LACC) accused 22 senior government officials, including the current Defence Minister and the current Police Director, of 'deliberately' refusing to cooperate with the Commission assets verification team.¹²⁸ Other noteworthy allegations in the same report involve the former Deputy Minister for Administration at the Ministry of Public Works, accused of having deposited US\$305,590.00 into three separate bank accounts outside of his official salary of L\$14,137.50;

119 See *Human Rights Watch*, 'No Money, No Justice: Police Corruption and Abuse in Liberia', 2013.

120 African Economic Outlook, 2013 *Country Note on Liberia*; Transcript of the African Finance Ministers Conference, Washington DC, 12 October 2013.

121 Ibid.

122 Amara M. Konneh, Minister of Finance, Liberia, during the African Finance Ministers Conference, Washington DC, 12 October 2013.

123 Corinne Deléchat, Statement at the Conclusion of the IMF Mission to Liberia, Press Release No.13/351, 19 September 2013.

124 Ibid.

125 African Economic Outlook, op. cit.

126 UNDP 2013, op. cit.

127 <http://www.bbc.co.uk/news/world-africa-24904924>

128 James Butty, Voice of America, 'Liberian Officials Accused of Opposing Anti-Corruption Probe', 8 October 2013.

and former Internal Affairs Minister, accused of holding a series of cash deposits to his accounts at three different banks totalling US\$105,000.

171. For the LACC, huge amounts of 'unexplained wealth and material omission' raise red flags because these may have links to money laundering. The resilience of corruption, the dominance of the US dollar in the economy of Liberia, infrastructural decay, and the porosity of its borders combine to open the country to internationally organized criminal activities, including piracy, which has now become a serious threat in the Gulf of Guinea.

AML/CFT Situation

172. Since May 2012, when the first follow-up report to the mutual evaluation of the country was considered by the GIABA Plenary, Liberia has made some progress in addressing the strategic deficiencies in its AML/CFT system. At the 19th GIABA Plenary meeting held in May 2013, Liberia presented its second follow-up report, which showed that the country had made some progress that included the enactment of the Act to Amend the Penal Law regarding Extortion, Environmental Crime, Illicit Trafficking in Human Beings and Migrant Smuggling as predicate offences of ML. Other related legislation enacted was the Financial Intelligence Unit Act, Fraud Act, Anti-Money Laundering and Terrorist Financing Act, Provisional Remedies for Proceeds of Crime Act; Mutual Legal Assistance in Criminal Matters Act, and Distribution of UN List of Terrorists and Terrorist Groups Act. The Acts received Presidential Assent in April 2013.

173. In spite of this progress, a number of strategic deficiencies have not yet been addressed, including the absence of a fully functional FIU, non-adoption of the revised CDD/KYC guidelines, and weak supervisory framework. In addition, Liberia has not frozen the assets of any of the Liberians on the UN asset-freeze list.¹²⁹ GIABA has engaged the country and helped it put in place an action plan to address the outstanding deficiencies.

174. Liberia has made further progress in the implementation of its action plan. Major steps taken in the year include the issuance/publication of AML/CFT regulations for financial institutions and the adoption of its AML/CFT National Strategy. Yet progress on the other strategic deficiencies was limited, as the FIU is not yet in full operation although the Governing Board has been inaugurated. The substantive Director is yet to be appointed although the process has commenced. Regulations for DNFbPs have not yet been issued. Liberia was given until May 2014 to address these issues, failing which it will be downgraded to Enhanced Follow-up under the GIABA ME process and procedures.

Technical Assistance

175. Given Liberia's low performance in the implementation of effective AML/CFT measures, GIABA worked closely with the country to provide technical assistance in 2013. Apart from helping it to develop and implement an action plan, GIABA held a national awareness and sensitization workshop on AML/CFT laws for stakeholders in Monrovia in July 2013. GIABA also installed a currency scanner at the International Airport in Monrovia and conducted user training for 14 customs and security officials in May 2013.

176. In its Country Report to GIABA for 2013, Liberia identified the following limitations to the implementation of AML/CFT measures: weak enforcement, inadequate supervision, low capacity of regulatory authorities, weak political commitment and lack of an AML/CFT mechanism. The country identifies its technical assistance needs in the area of training for FIU, enforcement agencies, the judiciary and DNFbPs.

Conclusion

177. The continued absence of a functional FIU in Liberia is a source of concern. The country cannot, as yet, generate, analyse and transmit CTRs and STRs to facilitate investigation, prosecution and possible conviction on ML/TF-related offences.

¹²⁹ US Department of State, INCSR 2013 vol. II, op. cit., p. 237.

178. As noted by the INCSR report, implementation of laws is hampered by political interference, corruption, lack of capacity within the judiciary and police, and lack of adequate resources. While GIABA will continue to engage the country to ensure implementation of its current AML/CFT Action Plan, Liberia's authorities should demonstrate greater political will to develop a robust AML/CFT regime.

MALI

Political Situation

179. The year 2013 was a dramatic turning point for Mali, following the upheavals of 2012. The country was literally pulled back from the precipice of utter collapse, thanks to the timely intervention by France in January. That decisive intervention pre-empted and dislodged the combined forces of Sahel's most notorious terrorist groups (AQIM, MUJAO and Ansar Dine) and the umbrella Tuareg nationalist Movement for the Liberation of Azawad (MNLA), which had captured the whole of the north in 2012 and were poised to march on to the capital Bamako by early 2013. The French intervention, boosted by the deployment of UN forces,¹³⁰ also broke the strong influence of the April 2012 military coup leaders on the transitional government and paved the way for peaceful presidential elections in July–August 2013.
180. In addition, the alliance between the terrorists and the Tuareg rebels was terminated by the French intervention as the MNLA declared a ceasefire in June 2013, thus leading to the isolation of the forces of terror. Under the watch of the UN Multidimensional Integrated Stabilization Mission in Mali (MINUSMA), parliamentary elections were also held across the country in late November 2013 without any major incident. Furthermore, in 2013 a successful international donor conference was held for the country, mobilizing considerable financial support to aid recovery.
181. Gradually, the newly elected Government has started asserting its constitutional authority over the military. While the defunct transitional Government engaged
- the military through the policy of appeasement, the current Government recently courageously arrested the ex-junta leader, General Amadou Sanogo, to be put to trial for the consequences of his actions during the insurgency.¹³¹
182. These developments heralded the gradual stabilization of the political and security situation in Mali, though challenges remain. The terrorists, who have withdrawn to the desert, have not been rooted out of the country and there are doubts that they could be, at least in the short term. The vast desert of northern Mali, as well as its harsh climatic conditions and difficult terrain, make deployment of ground forces extremely difficult. As such, counter-terrorist approaches have been limited to occasional operations involving Special Forces and air raids on the suspected hideouts of the militants.
183. Most recently, insurgent attacks have resumed in the north. In December 2013, a car bomb killed two UN peacekeepers and destroyed a UN armoured vehicle in Kidal.¹³² The attack in Kidal and other surrounding areas indicate that the menace is still lurking in the corner.
184. Another indicator of the worrying situation is that the ceasefire declared by MNLA in June collapsed in late November, as the Tuareg accused the Government of failing to fulfil its promises. Earlier, the rebels clashed with government troops when they prevented the plane of the visiting new Prime Minister from landing in Kidal.¹³³ Although the MNLA is not likely to rejoin forces with the terrorists, who sidelined them after the fall of the north in 2012, the new developments may well be a pointer to the continuation of the rebellion by the Tuareg rebels.

Economic and Financial Situation

185. The improved security and political situation has had a positive economic impact on the country, as observed recently by the IMF.¹³⁴ The economy of Mali is gradually picking up from the crisis-induced recession of 2012, as well as the food crisis that hit the country in 2011. Growth is projected at 5.4% in 2013 and 5.1% in 2014, driven mainly by agriculture (rice

130 The MINUSMA deployed in July 2013 to replace the African-led International Support Mission in Mali (AFISMA).

131 BBC News, 'Mali's coup leader Sanogo charged with murders', 27 November 2013.

132 BBC News, 'Mali unrest: Kidal attack kills two UN peacekeepers', 14 December 2013.

133 BBC News, 'Tuareg separatist group in Mali ends ceasefire', 29 November 2013.

134 IMF, Statement at the Conclusion of an IMF Mission to Mali, Press Release No. 13/389, 4 October 2013.

and cotton), mining (gold) and telecommunications.¹³⁵ In spite of this positive outlook, a number of social indicators have not seen impressive improvement.

186. According to the African Economic Outlook, Mali is on track to achieve some of the Millennium Development Goals by 2015: universal primary education (goal 2), HIV/AIDS, malaria and other diseases (goal 6) and environmental sustainability (goal 7), including the provision of safe drinking water. But the country will almost certainly fail to achieve the other goals.
187. In response to this challenge, the Government is currently implementing a new strategic framework for growth and poverty reduction for 2012–2017. The framework is composed of three strategic areas: promoting accelerated and sustainable growth that benefits the poor and creates jobs and revenue; reinforcing the long-term bases of development and equitable access to good-quality social services; and strengthening institutions and governance.¹³⁶ While any results of implementation are too early to show, the 2013 HDI ranking has placed Mali very close to the bottom of the table at 182nd position, reflecting the need for urgent action towards recovery. This is all the more crucial in order to counter the seeming resilience of terrorist groups in the country.

Prevalence of Predicate Crimes

188. At the peak of the political and security crisis, Islamist groups engaged in transnational organized crimes to fund their terrorist operations. Kidnapping and hostage-taking, drug trafficking, human trafficking, arms trafficking and goods smuggling were all associated with their operations, particularly in the northern regions.¹³⁷ As Judith Vorrath has convincingly argued, terrorist operations in the country and transnational organized crime are mutually reinforcing.¹³⁸ Evidence has continued to show that terrorist groups in the country fund their deadly campaigns partly through drug trafficking.¹³⁹ Since the 'Air Cocaine' scandal of 2009, it has become increasingly clear that the country is a hub for international trafficking of narcotics originating

from Latin American drug cartels. Since 2011, Mali has also become one of the origins of trafficked methamphetamine into Asia.¹⁴⁰ In the 2013 Country Report submitted to GIABA by Mali, the following predicate crimes were identified as prevalent: drug trafficking, corruption, tax fraud, smuggling of precious stones and metals, and other investments.

189. The prevalence of these crimes alongside rampant terrorist activities raises a serious concern and makes Mali a high-risk country for ML/TF. While the links to terrorist financing are becoming clearer, the Country Report lists the following channels for laundering the proceeds of these crimes: real estate, cross-border cash movements, banks, insurance companies, DNFBPs, microfinance, and stock market investments.

AML/CFT Situation

190. In spite of the difficult political situation of the country, Mali has made commendable efforts towards strengthening its AML/CFT regime, as indicated in the fifth follow-up report on its mutual evaluation. Its FIU is a member of the Egmont Group of FIUs. The FIU signed a Memorandum of Understanding (MoU) with the FIU of Cabo Verde in November 2013 to strengthen mutual cooperation and collaboration, especially on information exchange.
191. In 2013, the country's FIU received 24 STRs linked to money laundering, but only 5 of those cases were disseminated to law enforcement authorities. There were 4 cases of ML investigation and 9 prosecutions. Yet no conviction was recorded in the year.
192. In spite of Mali's performance, some deficiencies still remain with the country's AML/CFT regime. As the INCSR (2003 vol. II) revealed, Mali has not yet designated a competent authority to order freezing of funds and other financial resources of terrorists or those who are financing terrorism and terrorist organizations. This is a serious gap, given the high risk of terrorism and terrorist financing in the country.

135 African Economic Outlook, 2013 Country Note on Mali.

136 Ibid.

137 INCR 2013, p. 256.

138 Judith Vorrath, 'Transnational Organised Crime in West Africa: More Than a Problem of Terrorism and Law Enforcement', Stiftung Wissenschaft und Politik, 2013.

139 Terje Ostebo, 'Islamic Militancy in Africa', Africa Security Brief, No. 23, November 2012.

140 World Drug Report, p. 56.

193. Yet the difficult political and economic situation in Mali must be well appreciated. Given the country's political commitment to implement AML/CFT measures in spite of these difficulties, GIABA Plenary in November 2013, called for substantial increase in the provision of technical assistance to Mali in order to reinforce the capacity of AML/CFT stakeholders in the country.

Technical Assistance

194. Mali faces two key challenges to the implementation of robust AML/CFT measures: weak enforcement and inadequate supervision. The country has expressed its technical assistance needs in the following areas: training and ICT equipment for the FIU; training for the judiciary; and training and raising awareness on international cooperation.

195. GIABA provided some technical assistance to the country in 2013. Mali participated in the regional workshop on National ML/TF Risk Assessment for GIABA member States, held in August. More directly, GIABA completed the installation of the AML/CFT analytical software for the country's FIU. Also, GIABA supported a national workshop on the fight against terrorism held in Bamako, Mali, with a resource person.

Conclusion

196. The difficult environment Mali has found itself in recently must be appreciated. The progress made by the country on AML/CFT reflects the high level of commitment of its political authorities.

197. One of Mali's enduring problems, which will continue to be a source of pressure on the country, is its long desert borderline. The continuous expansion of organized crime and terrorism across West Africa's Sahel makes border control an imperative for AML/CFT. Yet, as the INCSR (2013, p. 258) puts it, *'Border enforcement is a severe problem in Mali, particularly in combating widespread smuggling and the infiltration of insurgent forces'*.

198. Another challenging circumstance for Mali is the dominance of the informal economy and financial sector, particularly the widespread informal trading and money/value transfer systems. Keeping track of business and financial transactions under such circumstances may prove extremely overstressing for Mali. But this is a challenge that must be tackled by Mali, with the support of partners, if the scourges of financial organized crime, terrorism and terrorist financing are to be defeated.

NIGER

Political Situation

199. Niger now enjoys relative political stability since the 'corrective' coup of February 2010 and the successful conduct of elections in March 2011. Although military overthrow of democratic governments has characterized the post-independence political history of the country, it appears that democracy is taking deep roots and that coups are less likely in the future.

200. The lessons from the political misadventure of former President Mamadou Tandja, who was overthrown in the 2010 coup for forcing constitutional changes and extending his rule beyond the legal limit of two terms, show that unconstitutional rule would be fiercely rejected by the people of Niger. One of the lessons is that the military has proved itself to be the guardian of constitutional rule and democratic stability. It has repeatedly sent out the signal that it would act to correct deviations from constitutional rule. In addition, the evolution of normative ECOWAS political frameworks serves to exert regional pressure for democratic governance, as demonstrated by the suspension of Niger from ECOWAS in 2009, under former President Tandja.

201. Nevertheless, some potent threats to the stability of Niger remain. The secessionist bid of the Tuareg ethnic group remains a constant threat. Although the Tuareg movement of Niger People for Justice (MNJ) signed a ceasefire agreement with the Government in 2009, the bid to create the state of Azawad in Mali by the MNLA

in 2012 drew considerable support from Tuareg battle-hardened fighters and local leaders in Niger.¹⁴¹ If the Mali rebellion had succeeded it would have been anticipated that the new State would have inspired or even expanded into the Tuareg parts of Niger.

202. Related to the Tuareg threat is the problem of terrorism in the western Sahel. Since their defeat in 2013 by the French forces in Mali, terrorist groups have stepped up attacks in Niger. In May 2013, two separate attacks were launched by suicide bombers on a military barracks and a uranium mining site.¹⁴² Those audacious operations signify how vulnerable Niger is to the threat of terrorism, in the context of an increasingly lawless Sahel. In addition, the expanding scope of the dreaded Boko Haram operating in the south of Niger from northern Nigeria adds to the problem faced by the country with regard to terrorism.

Economic and Financial Situation

203. Niger's economy has been one of the best performers in Africa in the last two years. In 2012, real GDP grew at 13.1%, though it is projected to grow at 5.5% in 2013 and 6.5% in 2014. This growth was boosted by good performances in agriculture and the mining sector.¹⁴³ Also important is growth in foreign direct investment (FDI). Major inflows of FDI linked to investments in the exploitation of natural resources improved the balance of payments.¹⁴⁴ The country is endowed with vast reserves of uranium and has recently joined the club of petroleum-exporting countries. Barring volatility in the international markets, it is hoped that increased earnings from these strategic resources would accelerate the pace of economic growth in Niger.

204. In spite of this positive outlook, however, the country is confronted with many development challenges. Situated on the fringes of the Sahara, Niger is one of the poorest countries in the world. In fact, the UNDP ranked Niger as the country with the lowest position, 186th, on the HDI in 2013.¹⁴⁵ Frequent bouts of drought and the ever-encroaching desert have undermined the food security of the country.

According to the *African Economic Outlook*, about 60% of the country's population still lives below the poverty line of one dollar a day, and the poverty index for 2015 is projected at 55%, far short of the target 31.5% under the framework of the Millennium Development Goals. The country is, therefore, unlikely to achieve the MDGs by 2015.

205. To address this challenge, Niger is currently implementing its PRSP called the Economic and Social Development Plan (PDES) 2012–2015. Adopted in September 2012, the PDES focuses on five strategic areas: (i) credibility and effectiveness of the public institutions; (ii) sustainable, balanced and inclusive development; (iii) food security and sustainable agricultural development; (iv) competitive and diversified economy for accelerated and inclusive growth; and (v) social development.¹⁴⁶ The PDES raises the promise of enlisting the support of the impoverished population against the growing social influence of terrorists, who now tap into the vulnerabilities of local communities and seek to replace the Government in the provision of social welfare.

Prevalence of Predicate Crimes

206. Organized criminals and Islamist groups have exploited the vast space of sparsely populated desert land in the north and Niger's long unmanned borders to perpetrate illicit activities across the Western Sahelian countries.¹⁴⁷ The most prevalent crimes have included smuggling of goods (mainly of tobacco and arms), trafficking in drugs and persons, terrorism, kidnapping, abduction and banditry.¹⁴⁸ The entrenchment of terrorist groups in Nigerien local communities and their cross-border collaboration with similar groups in Nigeria and Mali who are notorious for funding their activities through narco-trafficking prove that Niger is exposed to drug trafficking. To stress the seriousness of this threat, the Government expressed concern in September over the trafficking of arms, cocaine and cannabis in the north of the country, and called on the US to reinforce its military personnel and drones operating in the country.¹⁴⁹ The threat has become more critical with the displacement of AQIM and other terrorist

141 Celeste Hicks, Malian Crisis: Tuareg rebellion could spark regional violence in Mali, Niger and Southern Algeria. *African Arguments*, 15 March 2012. Available at <http://africanarguments.org/2012/03/15/tuareg-rebellion-could-spark-regional-violence-in-mali-niger-and-southern-algeria-by-celeste-hicks/>.

142 BBC News, Country Profile of Niger, <http://www.bbc.co.uk/news/world-africa-13944995>.

143 African Economic Outlook, 2013 Country Note on Niger.

144 Ibid.

145 See UNDP 2013, p. 146.

146 IMF, Niger: *Public Expenditure and Financial Accountability (PEFA) Assessment*. September 2013; IMF Country Report No. 13/285.

147 INCSR 2013, p. 295.

148 See Etannibi E.O. Alemika, *The Impact of Organised Crime on Governance in West Africa*. Friedrich-Ebert-Stiftung, Abuja, 2013.

149 Reuters, 'Niger would welcome armed U.S. drones: Foreign Minister', 18 September 2013.

groups from Mali after the French military intervention in that country earlier in the year. More terrorist attacks have occurred in Niger across the border from Mali since then, and it is logical to expect that the associated crime of drug trafficking would rise in the country.

207. Human trafficking is also rife in Niger. It is reported that girls are subjected to prostitution along the border with Nigeria, particularly along the main highway between the towns of Birnin Konni and Zinder.¹⁵⁰ Due to its proximity to North Africa and its vast poorly policed empty desert space to the north, Niger serves as a transit country for men, women, and children from most West African countries en route to Western Europe.
208. The most prevalent ML/TF predicate crimes in 2013, as listed in the Niger Country Report, are: drug trafficking, corruption, tax fraud, smuggling of precious stones and metals, other investments, bank fraud, forgery, capital market crimes, and cyber crime.
209. As a cash-based economy, most economic transactions take place in the informal financial sector. The widespread reliance on informal remittance and transfer systems for transactions makes the country a fertile ground for laundering the proceeds of the crimes discussed above.
210. The techniques that criminals use to launder the proceeds of these crimes are the same as for Mali. They include the abuse of real estate, cross-border cash movements, banks, insurance companies, DNFBPs, casinos, microfinance, and stock market investments. Niger is highly vulnerable to the threats of ML/TF, which appears to be growing with the spate of terrorism in northern Nigeria and as the situation in Mali is being tackled.

AML/CFT Situation

211. Recognizing the seriousness of the ML/TF threats it faces, Niger has been making steady progress in strengthening its AML/CFT regime to counter those threats. In 2013, its FIU received 20 STRs, 16 of which

are linked to money laundering. Only 7 of those cases, however, were sent to law enforcement authorities for further investigation; there is no report to suggest that further investigation and prosecution were carried out. This lack of progress with investigation and prosecution of confirmed cases points to some of the glaring weaknesses of the country's AML/CFT regime.

212. The factors hindering AML/CFT efforts, as reported by the country include: weak enforcement, inadequate supervision, and lack of AML/CFT coordination mechanisms. These and other areas require further technical assistance to enable Niger to further strengthen its AML/CFT system.

Technical Assistance

213. In its Country Report to GIABA for 2013, Niger listed its technical assistance needs to include: training and typologies/research for the FIU; training for enforcement agencies; training for the judiciary; training for regulatory or supervisory bodies; training for financial institutions; training for DNFBPs; awareness-raising for members of legislature, civil society and the media; and training and awareness-raising for relevant stakeholders on international cooperation.
214. In addition to the technical assistance offered by GIABA to Niger in the past years, GIABA has installed AML/CFT analytical software for the country's FIU. The project is meant to enhance the capacity of the FIU to receive, analyse STRs/CTRs and disseminate results of analyses to law enforcement for further investigation.

Conclusion

215. Niger's AML/CFT system has evolved steadily and the country has demonstrated political commitment to strengthen its system. Like its neighbour Mali, Niger appears to be spurred by the grim reality of the threats of terrorism and organized crime within and around its jurisdiction.

¹⁵⁰ Trafficking in Persons Report 2013, p. 283.

216. This political commitment is exemplary and encouraging. GIABA will work closely with the relevant authorities in the country in the coming years to support their AML/CFT efforts.

217. The political and social environment in which the country's AML/CFT system operates is highly dynamic. As the context unravels, GIABA will use its unique position to mobilize regional and international support for the country.

NIGERIA

Political Situation

218. Nigeria's democratic experience is gradually being consolidated after 14 years of transition from military rule in 1999. The legislature has asserted itself as an independent counterweight to the executive, while the judiciary has been able to make bold judgments against powerful politicians, including sacking state governors who rose to power through fraudulent elections. The media in Nigeria is one of the most vibrant and courageous in West Africa, which boldly criticises government policies and holds public officials to account.

219. However, 2013 was one of the most turbulent years for Nigeria in recent times due to various developments that threatened the country's political stability and to some extent nationhood. First, Boko Haram, the terrorist organization operating in the northeast of Nigeria since 2002, radically escalated its campaign of extreme violence by the start of the year. Boko Haram succeeded in launching attacks from its base in the three northern states of Adamawa, Borno and Yobe to almost all of the other states in the north.

220. The declaration of a state of emergency by the President in May, leading to the deployment of a sizeable number of troops, has helped to curtail the activities of Boko Haram. Not only have the operations of the groups been contained to those states, but government forces have put the terrorists on the back foot. Boko Haram militants

have now withdrawn from the cities and towns and retreated to hideouts along the border with Cameroon and Chad.

221. However, the militants are far from being defeated. In spite of the losses they have suffered at the hands of the security forces, they have been able to break loose from their hideouts to launch audacious attacks on civilian and government targets. Most recently, Boko Haram seems to have changed tactics. Its militants now prefer hitting military targets, and with devastating force. In late December, Boko Haram invaded the military barracks in Bama, a town in Borno State, which led to hours of fighting with the military.¹⁵¹ Earlier in the month, Boko Haram fighters had attacked the Air Force Base in Maiduguri, the capital of Borno State, destroying five military aircrafts and some buildings.¹⁵² The human casualty of this operations has not been clear, but a UN report released in December said 1,224 civilians and troops have been killed by Boko Haram attacks since the declaration of states of emergency in May.¹⁵³ The figures are disturbing and are likely to deter foreign investment in the country's emerging economy. Moreover, the Independent National Electoral Commission has recently hinted that the general elections of 2015 may not hold in the north-eastern States if the violence continues.

222. A second major political development is the emergence of a coalition of opposition political parties leading to the formation of a new mega-party called the All Progressive Congress (APC).¹⁵⁴ The APC was formed principally as a formidable opposition to counter the ruling People's Democratic Party (PDP) ahead of the 2015 general elections. Since its formal registration, the new party has received a number of defectors, including very senior officials, mostly from the ruling party. This defection led to the loss of majority in the lower chamber of parliament, the House of Representatives, by the ruling party to the new APC.¹⁵⁵ This development can be seen as positive, with the potential to deepen democracy through the provision of policy alternatives for voters, and strengthen accountability in governance.

151 BBC News, Nigeria insurgents attack Bama military barracks, 20 December 2013; Nigerian Tribune, B/Haram members kidnap wives, children of soldiers in Borno; Military deploys fighter jets, hunts down militants, 22 December 2013.

152 Punch, 'We attacked Maiduguri, We'll hit US – Shekau Boko Haram Leader', 12 December 2013.

153 UNOCHA, Six million affected, 1,224 killed by Boko Haram related attacks. *Humanitarian Bulletin, Nigeria*, Issue 08, December 2013.

154 BBC News, Nigeria opposition merges to form APC and challenge PDP, 7 February 2013.

155 The World News II, APC now majority in house of Reps; As 37 PDP Reps defect; Party woos Atiku, plans to meet with OBJ, 19 December 2013; BBC News, Nigeria's Goodluck Jonathan loses parliament majority, 18 December 2013.

Economic and Financial Situation

223. Nigeria is a resource-rich country and has a fast-growing economy. It is the largest oil producer in Africa and the tenth largest in the world, producing about 2.3 million barrels per day, and with 37.2 billion barrels of proven oil reserves. Nigeria's economy represents about 55% of the region's GDP, and its population constitutes the largest market in Africa. The outlook for economic growth has remained positive. Real GDP, which sustained the momentum of the past decade (7.5% average for the last 10 years), is projected to grow by 6.7% in 2013 and 7.3% in 2014.¹⁵⁶ This growth is driven mainly by the oil and gas sector, which grew by 8% and contributes 79% to government revenues and 71% to total export revenue.¹⁵⁷ Next to oil and gas is the agriculture sector, which accounts for 30.9% of GDP and employs about 70.0% of the country's labour force.¹⁵⁸ The agriculture sector, therefore, holds the prospect of addressing the country's huge unemployment challenge.

224. Nigeria's economic potentials provide a huge opportunity for attracting FDI. For the second year running (2011 and 2012), Nigeria has been ranked as the number one destination for FDIs in Africa, and as having the fourth highest rate of returns to investments in the world.¹⁵⁹ Although FDI inflow fell from \$8.9 billion in 2011 to \$7.0 billion in 2012,¹⁶⁰ this is an impressive performance. However, much of the investment is in the 'enclave' oil and gas sector and thus holds little potential for generating employment.

225. In spite of this impressive economic performance, the country is still ranks among the poorest nations in the world, with per capita GDP of US\$1,414 (2011).¹⁶¹ The country's fast economic growth has not generated sufficient employment, translated into poverty reduction, and addressed economic inequality. Nigeria's prospects of halving poverty by 2015 seem distant, as 66% of the rural population still lives below the poverty line of one dollar a day.¹⁶² The dependence on oil has been a burden, as governance in that sector has been grossly inefficient.

226. Despite being the 10th largest oil producer in the world, Nigeria imports about 85% of its refined petroleum products. A major scandal involving large-scale corruption in the management of government subsidies on imported refined petroleum products, which broke out in early 2012, implicated senior government officials and business CEOs. Although some of those implicated are being investigated and tried, there has been no conviction after two years, neither have the recommendations of the report of parliamentary inquiry into the scandal been implemented by government.

227. The lack of transparency, accountability and good governance in this strategic sector prompted the Government to initiate a process of complying with the principles of the Extractive Industry Transparency Initiative (EITI) in 2004. There are serious doubts that the EITI has helped to improve transparency, accountability and governance in the sector.¹⁶³ In addition, the Government initiated a Petroleum Industry Bill (PIB) at the parliament in the year 2000. A major objective of that Bill is to promote openness and transparency in the sector and to improve efficiency.¹⁶⁴ However, 13 years after it was initiated, the bill has not been passed into law.

228. A major challenge facing Nigeria is how to ensure fiscal consolidation and achieve inclusive growth. This was the major focus of the 2013 federal budget, as the Government sought to grapple with the major issue of employment generation, particularly among youth, and all-inclusive economic growth. This policy thrust is crucial for limiting the attraction of financial crimes, including ML/TF and other proceeds-generating crimes.

Prevalence of Predicate Crimes

229. Nigeria is seen as the hub of all forms of transnational organized crime in West Africa. According to the 2013 INCSR report, 'Nigeria remains a major drug trans-shipment point and a significant centre for criminal financial activity.'¹⁶⁵ The near-weekly interdictions and seizures of sizeable quantities of cocaine and heroin at the Murtala Mohammed International Airport in Lagos,

¹⁵⁶ African Economic Outlook, Nigeria Country Note.

¹⁵⁷ Ibid.

¹⁵⁸ Ibid.

¹⁵⁹ UNCTAD, World Investment Report 2013, pp. 39–40.

¹⁶⁰ Ibid.

¹⁶¹ African Economic Outlook, op. cit.

¹⁶² Ibid.

¹⁶³ See Nicholas Shaxson, Nigeria's Extractive Industries Transparency Initiative: Just a Glorious Audit? London: Chattam House, 2009.

¹⁶⁴ See Vanguard, PIB: We Need To Pass It, 16 December 2013.

¹⁶⁵ INCSR 2013, vol. II, p. 295.

and in the hinterlands of the country, give credence to this assertion. Late in December, law enforcement officials seized 6 metric tons of cocaine and marijuana in the northeastern state of Borno, which is also the hotbed of terrorism.¹⁶⁶ In 2012, several local methamphetamine laboratories were seized by law enforcement.¹⁶⁷ Nigeria is the 14th most frequently mentioned country of origin for cocaine, and 15th for heroin on seizures made outside the region, particularly in Europe.¹⁶⁸

230. Trafficking in persons is also prevalent in Nigeria as a source, transit and destination country. Within the country, women and children are used for domestic servitude and sex trafficking. Across the border, Nigerian women and girls are taken to other West and Central African countries, as well as to South Africa, where they are exploited for the same purposes.¹⁶⁹ Nigerian traffickers are globally notorious for trafficking young girls to forced prostitution in Europe, particularly in Italy and Spain.

231. Other crimes listed in the INCSR include illegal oil bunkering, bribery and embezzlement, contraband smuggling, theft, bank robberies, bank fraud, real estate fraud, identity theft, and advance fee fraud.¹⁷⁰ In its Country Report to GIABA, Nigeria listed drug trafficking, corruption, tax fraud, smuggling of precious stones and metals, and forgery as the most prevalent predicate crimes in 2013.

232. However, in the local printed press, oil theft, kidnapping and hostage-taking, bank fraud, bank robbery, and car theft constantly make headlines, in addition to the others listed above.¹⁷¹ According to the Minister of Finance, oil theft could cost Nigeria up to US\$12 billion in 2013 alone.¹⁷² These crimes generate huge illicit financial proceeds for criminals, who launder them through various methods. According to the INCSR report, criminals and terrorist organizations take advantage of the country's location, porous borders, weak laws, corruption, inadequate law enforcement, and poor socio-economic conditions to launder the proceeds of crime.

233. ML methods in Nigeria include investment in real estate, wire transfers to offshore banks, political party financing (conduit contributions), bulk cash smuggling, deposits in foreign bank accounts, use of DNFBPs (professional services, such as lawyers, accountants and investment advisers), and reselling of goods imported at sub-market prices.¹⁷³ Others are the use of microfinance channels, NPOs and investment in the stock market.

AML/CFT Situation

234. Nigeria is cognizant of the enormity of the ML/TF risks it faces, and has recently made significant progress towards fortifying its AML/CFT regime. The major improvements made by the country include the enactment of the Money Laundering (Prohibition) (Amendment) Act 2012 and the Terrorism (Prevention) (Amendment) Act 2013. In addition, Nigeria has issued the Terrorism Prevention (Freezing of International Terrorist Funds and Other Related Measures) Regulations 2011.

235. Nigeria has also addressed a deficiency relating to Recommendation 5 of the revised FATF Standards. This criminalizes terrorist financing, including the financing of a terrorist organization and an individual terrorist, and covers issues relating to terrorist funds, use of funds, intentional elements of the terrorist financing offence, location of the offender, ancillary offences, predicate offences of money laundering, liability of legal persons, and sanctions. In recognition of the progress it has recorded, Nigeria was removed from the FATF's monitoring process under its ongoing global AML/CFT compliance process in October 2013.

236. Nigeria FIU (NFIU) received 2,701,474 CTRs and 2,154 STRs in 2013, while the country secured 15 convictions in the year. Supervisory authorities conducted on-site examinations of a number of bureaux de change licensed by the Central Bank of Nigeria. The country has also recorded a number of convictions against terrorist suspects, with one case attracting life imprisonment. However, no specific cases of terrorist financing were reported.

166 Voice of America, 'Nigeria Cracks Down on Drug Trafficking', 20 December 2013.

167 World Drug Report, p. 56.

168 Ibid, p. viii annex.

169 Trafficking in Person Report 2013, p. 285.

170 Ibid.

171 Visit www.nigeriaworld.com for archive of Nigeria daily news.

172 Vanguard, Oil theft: FG may lose \$12bn in 2013 – Okonjo-Iweala.

173 INCSR 2013, vol. II, p. 295.

237. In spite of this significant progress made by Nigeria, there are still major outstanding deficiencies such as the lack of full operational independence and autonomy, and comprehensive legislation on MLA and assets recovery is lacking. The NFIU is currently a department within the Economic and Financial Crimes Commission, which appears to have eclipsed the operational independence of the FIU. To address the operational autonomy issue, a bill to replace the existing NFIU with a new, autonomous FIU is currently being debated in the Parliament.¹⁷⁴ But it should be noted that an FIU could be located within an existing structure of another authority that has distinct functions as long as the operational independence of the FIU is not compromised. The autonomy for the NFIU is an issue that Nigeria needs to address head-on as a matter of urgency.

238. Many cases of grand corruption involving politically exposed persons (PEPs), including serving parliamentarians, family members of governors and businessmen connected to senior government officials, were investigated and some prosecuted in 2013. Yet while investigation and prosecution of high-profile corruption cases are encouraging, there has been very little conviction over such cases. The lack of conviction, and consequently confiscation of assets, sends the signal that PEPs enjoy impunity for engaging in brazen looting of public funds. This is a critical weakness that has continued to undermine the effectiveness of the country's AML/CFT regime.

239. A few convictions were secured in the courts for terrorist acts, as some Boko Haram members were found guilty and jailed in the year. While this is a positive development for overall national security and development, the convictions did not involve the financing of terrorism. To date, the authorities in Nigeria have not been able to detect and disrupt the funding sources of Boko Haram in order to effectively impede its activities. Again, this is a major point of weakness in the country's AML/CFT system.

Technical Assistance

240. The only technical assistance need expressed by Nigeria in its 2013 Country Report is training for the FIU. However, GIABA has provided technical assistance to Nigeria in a number of areas during the year. In order to strengthen the capacity of the leading anti-corruption agency in the country, the EFCC, and upon the articulated request made by the agency, GIABA supported it with a financial grant to improve its operations. GIABA also supported Nigeria through the FATF review process, leading to the country's exit from the process. Other GIABA supports that Nigeria benefited from are as follows:

- a. Commonwealth National Workshop for Prosecutors and Investigators on Money Laundering, Terrorism and its Financing and Recovery of Proceeds of Crime, Abuja, Nigeria, 15–18 January 2013;
- b. SCUML/GIABA AML/CFT Training for DNFBPs towards effective implementation of AML/CFT Regime in Nigeria, 11 February 2013;
- c. 7th Distinguished Lecture/Symposium of the University of Calabar Graduate School, Calabar, Nigeria, 18 April 2013; and
- d. Regional Training for Financial and Regulatory Institutions on the Revised FATF Recommendations, Lagos, Nigeria, 28–29 August 2013

Conclusion

241. Nigeria is the engine of growth in West Africa and thus holds the promise of human development in the region. Given the size of the economy of Nigeria and its rapid growth, the security crisis in the northeast and the prevalence of grand corruption, the country is very vulnerable to ML/TF risks. Nonetheless, the country cannot allow its booming economy and financial system to be corrupted by financial crimes, ML/TF. So far, weaknesses in investigative and prosecutorial capacity as well as judicial corruption have blocked cases of financial crimes in the courts. As a matter of urgency, the Government of Nigeria should grant the operational autonomy of the NFIU and facilitate the removal of obstacles to effective administration of justice with regard to ML/TF cases in the country.

¹⁷⁴ Nigerian Pilot, NFIU Autonomy and War against Corruption, 16 December 2013.

242. The significant progress made by Nigeria towards bolstering its AML/CFT system is noteworthy. GIABA will continue to work closely with the relevant Nigerian authorities to enable the country to continue with the implementation of acceptable international AML/CFT standards.

SÃO TOMÉ AND PRÍNCIPE

Political Situation

243. São Tomé and Príncipe (STP) is currently the only non-ECOWAS member State of GIABA. Since the transition from Marxist rule in 1991, the small twin islands of STP have remained a multi-party democracy. Democratic practice has consolidated since then, though not without some challenges. Through the operation of the country's parliamentary/presidential system, a coalition government has been in place since December 2012.

244. Democratic rule has been threatened by successful and attempted military coups in the past years – 1995, 2003 and 2009. However, in all of these incidents, democratic rule was almost immediately restored. The country now has a stable democratic process. The last elections held in July–August 2011 were conducted peacefully and, as the next presidential election scheduled for 2016 approaches, there are no obvious signs of possible tensions. Nevertheless, as the country begins to benefit from the exploitation of its petroleum reserves, tensions could arise from questions about how the proceeds should be spent.

Economic and Financial Situation

245. STP has a small economy, which has been limited by the constraints of the country's geography as small islands. However, it has been a leading cocoa producer and its economy is on the verge of expanding from the exploitation of vast offshore petroleum reserves. The drilling of those reserves has commenced and commercial production of oil is projected to begin in 2016. In 2005, a joint offshore petroleum exploration

and production-sharing agreement was signed with its more experienced neighbour, Nigeria, and international oil companies.¹⁷⁵ Based on the small size of its population (fewer than 180,000 people), STP is projected to become a middle-income country if expected huge revenues from the exploitation of its petroleum reserves are efficiently and transparently managed.¹⁷⁶ To ensure that this objective is met, the country has adopted the Extractive Industries Transparency Initiative.

246. The economy maintained the good outlook of the past year in 2013. GDP growth stagnated at 4% as in 2012, but is projected to grow by 5% in 2014. This performance has been largely due to lingering uncertainties in the world economy and weak external financing prospects for both private and public sector investment projects.¹⁷⁷ However, increase in FDI, the oil signature bonus and the inception of the country's major infrastructure projects are projected to push growth upwards in the coming years.¹⁷⁸ Inflation has been on the downward trend, falling from 14.3% in 2011 to 9.5% in 2012, and is projected to drop to 7.9% in 2013 and 7.7% in 2014.¹⁷⁹ However, the paucity of physical infrastructure poses a big challenge to the stimulation of investment growth.

247. Yet the prospect of a boom from oil revenue suffered an external shock towards the end of the year. In September, the oil giant Total unexpectedly withdrew from Block 1 of the Joint Development Zone with Nigeria. The withdrawal was based on disappointment over the small amount of reserves revealed by drilling, which would also result in costly deep-sea exploration.¹⁸⁰ The abandoned exploration block may be taken over by other smaller companies, but the uncertainty generated over the volume of reserves and the expected revenues means that the Government would have to fall back on grants to finance its budgets for some time to come.

248. The Government has made efforts to improve the business regulatory environment by implementing several reforms over the years, including: (i) adoption of a one-stop shop to fast-track the process of starting

175 BBC News, Country Profile on STP.

176 African Economic Outlook, STP Country Profile.

177 IMF Press Release No. 13/368, 27 September 2013.

178 Ibid.

179 Ibid.

180 IMF Country Report No. 14/2, 30 December 2013.

a business; (ii) reduction of corporate tax; (iii) reduction of permits for construction; and (iv) adoption of a new investment code. On the basis of these reforms, the country was categorized as one of Africa's top reformers in 2012.¹⁸¹ Yet the reform momentum has not been sustained and the ranking of the country in the Doing Business report dropped eight points in 2013 to 169th position out of 189 jurisdictions surveyed, from its 160th position in 2012. The country ranked 144th on the 2013 UNDP HDI and is in the upper 10 percentile of countries with a low HDI.

Prevalence of Predicate Crimes

249. The projected expansion of the economy of STP and expected petro-dollar inflow over the next few years attract criminal abuse. The topography of the country, which opens the country to free access from all directions on the high seas, also makes it vulnerable to organized crime.
250. Currently, STP is not known to be host to serious or organized crimes, though common crimes of theft are reported. The US Overseas Security Advisory Council designates the country as a 'Low' threat crime post.¹⁸² However, the economy is almost completely cash-based and, given the country's geographical location, the growth of organized crime in the Gulf of Guinea, and the imminent inflow of petro-dollars, STP is highly exposed to the possible dangers of serious financial crimes in the near future. Already, the Country Report of STP revealed that drug trafficking, corruption, tax fraud, and smuggling of precious stones and metals are becoming prevalent.

AML/CFT Situation

251. In February 2007, the FATF placed São Tomé and Príncipe on the list of countries deemed to be vulnerable to ML/TF threats due to the lack of a sufficient AML/CFT regulatory framework and adequate controls. Based on this, a detailed review of STP has been ongoing. However, following the outcome of the mutual evaluation of the country conducted by GIABA, the FATF in October 2013

decided to terminate the review process at its level and handed over the country to GIABA to continue the monitoring process.

252. STP was evaluated by GIABA in December 2012 and the report adopted in May 2013. The country is expected to submit its first follow-up report to the GIABA Plenary in May 2014. The outcome of the evaluation revealed significant deficiencies in the AML/CFT system of STP with regard to the legal, institutional, regulatory, enforcement and general compliance environment (for details of the report, please refer to the MER at www.giaba.org).
253. GIABA has assisted the country in establishing its AML/CFT regime, which still needs to be further developed. As shown in the 2013 Country Report submitted to GIABA by STP, the system is now functioning. The report indicated that the country's FIU received 79 STRs, four of which are related to ML. The four cases were sent to law enforcement authorities for further investigation, although there is no information on whether the cases were further investigated and prosecuted in the courts. The country identified weak enforcement as the single most critical limitation it faces in the implementation of AML/CFT measures.

Technical Assistance

254. GIABA has mentored STP from 2009 up to now. It has facilitated its membership of the organization and has been supporting it to establish its AML/CFT regime. GIABA will continue to provide mentoring and training to enhance the capacity of the country to implement the required AML/CFT measures. STP's expressed technical assistance needs include support to the FIU in the areas of training, ICT equipment, and typologies and research.

¹⁸¹ World Bank, Doing Business 2012.

¹⁸² US Overseas Security Advisory Council (OSAC), Sao Tome and Principe 2013 Crime and Safety Report, <https://www.osac.gov/pages/ContentReportDetails.aspx?cid=13832>.

Conclusion

255. São Tomé and Príncipe is a small but growing economy. Its economy is set to expand considerably and the country is likely to rise from a low-income to a medium-income country once it starts benefiting from its vast reserves of petroleum oil in 2016. Foreign direct investment is most likely to pour into the sector, and earnings from oil sales are poised to expand the small country's treasury.
256. Although democracy is taking deep roots, the emerging oil economy needs to be shielded against the 'resource curse' of poor governance that has plagued most of the region's traditional oil producers, including those surrounding the Gulf of Guinea. The Gulf itself is an emerging theatre of international organized crime, especially piracy. The only bulwark against these threats is for STP to construct and constantly reinforce the architecture of good governance, strengthen law enforcement, and commit to full implementation of acceptable international AML/CFT standards.

SENEGAL

Political Situation

257. Senegal has one of the most stable political systems in West Africa. As one of Africa's model democracies, Senegal boasts the longest tradition of multiparty constitutional rule in the region. It has enjoyed exceptional, smooth and peaceful democratic change of power four times since independence in 1960, in a region that has been racked and characterized by military coups, election fraud and violent conflicts.
258. Although the country has not experienced any major conflict, there has been a low-intensity conflict in the southern (Casamance) region for decades over claims of marginalization. A peace agreement was signed to end the conflict in 2004, but the conflict has continued without permanent resolution.
259. The most serious threat to the country's political stability was the events leading to the 2012 elections. The alleged bid of the former President, Abdoulaye Wade, to extend his rule beyond the constitutional limit of two terms led to violence and demonstrations, resulting in the loss of lives. Although the constitution was amended and the former President contested in the elections for another term, the massive support for the opposition candidate, Macky Sall, led to Mr Wade's defeat in the second round. The success of Macky Sall despite the power of incumbency proved the resilience of the country's democratic institutions and tradition.
260. The new Government of President Macky Sall has shown commitment to improving the quality of governance. Senegal now ranks 77th out of 177 countries in the 2013 CPI of Transparency International. This is an impressive improvement from 94th in the 2012 rankings.¹⁸³ The country's overall governance ranking in 2013, occupying the 10th position in Africa, further shows the progress the country is making with regard to the institution of good governance.¹⁸⁴ Compared to many countries in the region, Senegal is increasingly providing an enabling political atmosphere for fighting financial crimes.
261. The new Government moved quickly after it came to power to implement governance reforms. The structure of governance has been recently streamlined with the abolition of the Upper House of parliament, the Senate, and the post of Vice-President.¹⁸⁵ These measures were adopted in order to reduce the cost of governance and save money to reinforce the economy.
262. In 2013, the crackdown on corruption led to the arraignment in court of several ministers in President Wade's Government, including his son, Karim Wade, on corruption charges. The new Government has also established two anti-graft agencies – the National Anti-Corruption Agency and the National Commission on Restitution and Recovery of Ill-gotten Assets.

183 Transparency International, 2012 & 2013.

184 Mo Ibrahim Foundation, 2013.

185 BBC News, Senegal Senate abolished to pay for floods, 19 September 2012.

Economic and Financial Situation

263. The economy of Senegal is on a steady path of recovery after the slowdown of 2011 when growth slumped to 2.1%. GDP growth peaked at 3.7% in 2012 and is projected to climb up to 4.3% and 5.1% in 2013 and 2014, respectively.¹⁸⁶ This improvement is due to recovery of the agriculture sector (driven by good rains), and good performance in the tertiary sector (financial services, telecommunications and trade).¹⁸⁷

264. The incidence of poverty is high in Senegal. According to the African Economic Outlook, 46.7% of the population was living below the poverty threshold in 2011. The number of poor people increased between 2006 and 2011 from 5.7 million to 6.3 million.¹⁸⁸ To address this development challenge, the Government adopted a National Strategy for Economic and Social Development for 2013–2017 in November 2012. The strategy focuses on three areas of action: (i) growth, productivity and wealth creation; (ii) human capital and sustainable development; and (iii) government, institutions, peace and security.¹⁸⁹

265. According to the IMF, growth is expected to be further boosted by infrastructure investments and mining. Inflation is projected to be contained at around 2%, below the UEMOA ceiling of 3%.¹⁹⁰ Achieving higher levels of human development remains a challenge of the initiated reforms. The country is ranked 154th on the 2013 UNDP human development index, and needs to sustain the implementation of the ongoing reforms in order to improve on the living standards of the citizens.

Prevalence of Predicate Crimes

266. Senegal shares borders with Guinea, Guinea Bissau and Mali, countries that have been affected by transnational organized crime and terrorist activities. Moreover, Senegal is a regional financial centre, whose economy is largely cash-based. The Country Report of Senegal lists drug trafficking, tax fraud, other investments and cyber crime as the most prevalent predicate crimes in 2013.

267. The US State Department's INCSR 2013 extends the list to include bank and deposit fraud, document forgery, resale of stolen cars, and ponzi schemes.¹⁹¹ Corruption is also reported to be high in the country, permeating all levels of government and commerce, according to the report.

268. All of these activities generate illicit money, which is laundered through different channels, most commonly the real estate and the DNFBPs sectors. If the INCSR is considered, the list extends to include trade-based money laundering.

AML/CFT Situation

269. Senegal has increasingly demonstrated commitment to combat financial crimes, including ML/TF. Some of the outstanding measures the country implemented in 2013 to strengthen its AML/CFT regime include the establishment of the National Commission for the Recovery of Illicit Assets and the creation of the National Commission against Corruption and Fraud. Other critical steps the country has taken include the resuscitation of the Special Court against Illegal Enrichment, the establishment of the Ministry for Good Governance, the revamping of the Auditor General's Office, and the adoption of the Law on transparent management of public finance, which imposes the obligation to declare assets on public and elected officials. A draft national AML/CFT strategy is currently awaiting approval by the national authorities, pursuant to the AML/CFT Law. In addition, several court decisions were made including jail sentences, fines and confiscations on money laundering charges.

270. Equally crucial is the training of relevant personnel of the FIU on analyses and dissemination of STRs by the FIU, expansion of the networks of the FIU through the signing of MOUs (19), supervision of financial institutions and DNFBPs, and designation of a competent authority to order administrative freezing and monitoring compliance.

¹⁸⁶ African Economic Outlook, Country Note on Senegal.

¹⁸⁷ Ibid.

¹⁸⁸ Ibid.

¹⁸⁹ Republic of Senegal, National Strategy for Economic and Social Development, November, 2012.

¹⁹⁰ IMF Press Release No. 13/348, 18 September 2013.

¹⁹¹ INCSR 2013, p. 337.

271. In 2013, the FIU of Senegal received 109 ML-linked STRs. Fourteen of the cases analysed were sent to the enforcement authorities for investigation and prosecution, and three convictions were secured.

272. While Senegal has made far-reaching progress in strengthening its AML/CFT system, the following deficiencies remain: adoption of an appropriate risk-based approach framework; implementation of CDD measures for ongoing monitoring of customer relationships and transactions; conduct of enhanced due diligence measures for high-risk customers; development of the requirement to report attempted transactions; and a mechanism for the implementation of UNSCRs 1267 and 1373 and their succession resolutions.

Technical Assistance

273. Given Senegal's commitment to the implementation of acceptable international AML/CFT standards, the country needs to be supported with the necessary technical assistance to address the remaining deficiencies. GIABA provided the following support to Senegal in 2013: a National Workshop on the Risk-Based Approach to AML/CFT for Compliance Officers, held in Dakar on 22–24 May 2013; and its officials participated at the Regional Workshop on National AML/CFT Risk Assessment for GIABA member States, held in Saly in August 2013.

Conclusion

274. Senegal's political commitment to effective implementation of AML/CFT measures is exemplary. GIABA will continue to support the country to address the remaining deficiencies in its AML/CFT regime, and to bring it into full compliance with international standards.

275. Senegal's resolve to combat corruption must not wane, but should be reinvigorated in the face of the country's vulnerability to the real threats of organized crime and terrorism from its neighbours. Particular attention needs to be given to the training and retraining of law enforcement agencies and financial institutions in order to effectively counter the ML/TF threats the country faces.

SIERRA LEONE

Political Situation

276. Sierra Leone has made substantial political progress since the end of the devastating civil war in 2002. It has held three consecutive general elections that have been judged peaceful. The last general election of November 2012 marked the first to be held without the oversight and security guarantees of the UN since the end of the war. This shows that Sierra Leone has achieved some political stability and relative peace.

277. Although the re-election of President Ernest Bai Koromah in 2012 was disputed by the main opposition Sierra Leone People's Party, the general view of local and international observers was that the election was peaceful, free and fair. In June 2013, the Supreme Court validated the results of the election. Again, the absence of violence and the acceptance by the war-weary political class of the judicial settlement of the election dispute proved that the country's democracy is deepening.

278. An important development was the start of the long-awaited review of the pre-war 1991 Constitution, considered by many to be obsolete. The crucial importance of this exercise to peace and stability is underlined by the fact that it was recommended by both the 1999 Lome Peace Accord, which ended the war, and the postwar Truth and Reconciliation Commission.¹⁹² Yet the process has been dominated by the two main political parties: the ruling All People's Congress and the Sierra Leone People's Party (SLPP), raising concerns that it is not an inclusive process.

279. Also in 2013, the disputed border town of Yenga was finally demilitarized with the withdrawal of the remaining Guinean forces, in compliance with an agreement between the two countries signed on 27 July 2012. With this threat removed, the UN Security Council announced that major steps were being taken preparatory to the complete drawdown of the United

¹⁹² Kemo Cham, Sierra Leone begins long-awaited constitutional review, *Africa Review*, 31 July 2013

Nations Integrated Peace Building Mission in Sierra Leone by 31 March 2014.¹⁹³ These developments show that Sierra Leone has entered into the phase of postwar recovery, stabilization and development, powered by a phenomenal economic growth.

Economic and Financial Situation

280. The robust economic growth that has built up from 2010 stabilized in 2013. GDP growth rose sharply from 6% in 2011 to 16.7% in 2012, the highest in West Africa. In 2013, growth is projected to stabilize around 7.2%, shooting up to 12.1% in 2014.¹⁹⁴ This performance has been driven mainly by agriculture, services and construction. The country's iron ore projects are expected to fully become operational in 2014, giving the economy an added boost.¹⁹⁵
281. Along with the achieved growth are disciplined monetary and fiscal policies. Inflation dropped from 18.5% in 2011 to 11.6% in 2012, and is projected to reach 7.1% in 2013 and 6.9% in 2014. These policies could also bring the fiscal deficit down to a projected 2.3% in 2013 and 2% in 2014.¹⁹⁶ With the recent discovery of iron ore mines and the expansion of the extractive sector, the structure of the economy is increasingly being shifted from dependence on agriculture to a more diversified base, powered by mining and construction.¹⁹⁷ This structural transformation, combined with sound governance, holds the promise of moving Sierra Leone from the phase of recovery to a human development path.
282. The Government has recently shown its commitment to promoting good governance and human development with the launch of the third poverty reduction strategy. The Agenda for Prosperity (2013–2018) was launched in July 2013 and has the ambitious goal of getting the country to attain middle-income and donor status within the next 25 to 50 years. The Agenda is anchored on the following eight pillars: (i) economic diversification to promote inclusive growth; (ii) managing mineral resources; (iii) accelerating progress

on the Millennium Development Goals for human development; (iv) international competitiveness; (v) employment and labour strategy; (vi) social protection; (vii) governance and public sector reform; and (viii) gender balance.¹⁹⁸

Prevalence of Predicate Crimes

283. Corruption is still a serious challenge in Sierra Leone, and it is not certain that management of the expanding economic and financial fortune will be transparent, accountable and equitable. The country was ranked 119th out of 177 countries on the Transparency International CPI in 2013, up from 123rd position.¹⁹⁹ While this is an improvement, the ranking is still very low for a country that aspires to tackle poverty. Of the 187 countries surveyed, Sierra Leone is 177th on the human development index, and there are formidable challenges of achieving the MDGs in two years to the target 2015.
284. Nonetheless, the Anti-Corruption Commission has shown in 2013 that it can bite hard. Twenty-six court cases, mainly against public officials, including police officers and civil servants, as well as individuals indicted for the misuse of international donor funds, were filed by the Commission within the year. The Commission also started the prosecution of several suspects for a serious case of bank fraud involving the Sierra Leone Shipping Authority, the National Revenue Authority and some commercial banks, with an estimated value of about \$9.3 million.²⁰⁰ Apart from corruption, the country faces other serious crimes that can undermine the development promises of its burgeoning financial sector.
285. In its Country Report to GIABA, Sierra Leone identified the following ML/TF predicate crimes as prevalent in 2013: drug trafficking, corruption, tax fraud, smuggling of precious stones and metals, other investments, bank fraud, and document forgery.

193 UN Security Council, Eleventh report of the Secretary-General on the UN Integrated Peace Building Office in Sierra Leone. S/2013/547, 12 September 2013. 194 African Economic Outlook, *Country Note on Sierra Leone*.

195 Ibid.

196 Ibid.

197 Ibid.

198 UN Security Council, op. cit., p. 4.

199 Transparency International Corruption Perception Index 2012 & 2013.

200 Ibid, pp. 7–8.

286. According to the INCSR (2013) report, smuggling of pharmaceuticals, foodstuffs, gold and diamonds occurs across porous land borders. The country's inadequately manned borders with Guinea and Liberia make Sierra Leone highly vulnerable to the influx of criminals from across the region to collude with domestic criminals and engage in the illegal trade of diamonds, arms, illicit drugs and timber.²⁰¹ Since the landing of the infamous 'cocaine plane' at Lungi Airport in July 2008 with 600 kg of cocaine, several automatic rifles and 339 rounds of ammunition on board, Sierra Leone has been identified as a possible growing hub for drug transshipment from Latin America to Europe.²⁰²

287. The cases of corruption currently being prosecuted by the Anti-Corruption Commission also indicate that corruption is a prominent crime. It is also a limiting factor in the fight against financial crimes as the bribing of relevant law enforcement agents is likely to block basic scrutiny and investigations.

AML/CFT Situation

288. Sierra Leone's progress in the implementation of AML/CFT measures has been noteworthy. With assistance from the GIABA Secretariat, the country is making serious efforts to addressing the following gaps in line with the directives of GIABA Plenary in May 2013.

- i. Development of a mechanism to implement UNSCRs 1267 and 1373 and their succession resolutions;
- ii. Adoption of an effective supervisory framework for relevant reporting entities; and
- iii. Adequate resourcing of the FIU to facilitate its effective functioning.

289. Above all, Sierra Leone has shown a high degree of commitment to complying fully with international AML/CFT standards. The country has been given up to May 2014 to report further progress made towards fully addressing the remaining deficiencies. A high-level advocacy mission led by the Director General of GIABA

was undertaken in January 2013 to engage political authorities in the country on the implementation of the AML/CFT Act 2012.

290. The FIU of Sierra Leone received 114,728 CTRS and 11 STRs in 2013. Seven of the analysed STRs were sent to law enforcement authorities, but there was no evidence of further investigation, prosecution or conviction.

Technical Assistance

291. In September 2013, GIABA organized a national training workshop for law enforcement agencies on detecting and investigating money laundering and financial crimes.

292. Between May and November 2013, GIABA engaged Sierra Leone to develop an action plan to comprehensively address the strategic deficiencies in its AML/CFT regime. Also, Sierra Leone benefited from a GIABA regional training for financial and regulatory institutions on the revised FATF Recommendations, held in Lagos, Nigeria, in August 2013.

293. Equally important, GIABA organized an Open House Forum for Youths on AML/CFT in Freetown, Sierra Leone, on 25 July 2013. The forum was aimed at educating youth and mobilizing them against ML/TF and their predicate crimes, including drug trafficking and arms trafficking.

Conclusion

294. Sierra Leone's postwar recovery and political stability have created the enabling conditions for economic growth in the country. The noticeable growth and the realization of the vision of becoming a medium-income economy in the near future are predicated on the continuance of sound political and economic governance.

295. However, the prevalence of corruption is an ominous threat to the fulfilment of that promise. Also, the emerging activities of internationally organized

201 Summer Walker & Elisa Burchert, *Getting Smart and Scaling Up: The Impact of Organized Crime on Governance in Developing Countries*. New York: New York University, p. 173.

202 BBC News, SL Police Seize Drug Plane, 14 July 2008. Available at <http://news.bbc.co.uk/2/hi/africa/7504953.stm>.

criminals should be a warning of the dangers posed to financial stability and the sustainability of the country's hard-earned economic growth.

296. The authorities in Sierra Leone, therefore, have the obligation to protect the unprecedented economic and financial gains the country has made in the last two years. To do so, they should sustain the current momentum and as a priority endeavour to address the country's remaining strategic deficiencies in its AML/CFT system.
297. The country should also further strengthen the capacity of its relevant agencies to investigate and prosecute financial crimes, including ML/TF. Securing convictions for such crimes and confiscating the assets of convicted criminals should also be areas of priority in order to deter would-be criminals.

TOGO

Political Situation

298. The attainment of political stability in Togo still appears far from realization since 2005 with the death of Gnassingbe Eyadema, which paved the way for the ascension of his son, Faure Gnassingbe, to the presidency. The democratic credentials of the country remain highly contested internally. The election that brought President Faure Gnassingbé to power in 2005 was widely discredited as rigged, and greeted with spontaneous violent protests on the streets that claimed about 500 lives. The election for the President's second term in 2010 was equally disputed as the opposition alleged widespread electoral malpractices and thus refused to accept the results.
299. In mid-2012, the huge demonstrations against the reform of the electoral code by the Government, seen to favour the ruling party, turned violent. Following a series of discussions, the long-delayed parliamentary elections were eventually held in July 2013. Again, the

results, which handed two-thirds of the seats to the ruling party, were disputed as the opposition alleged fraud during the election.²⁰³ The political crisis that followed these past two elections reflects deep division within the Togolese political class and points to the need for national reconciliation.

300. The last time local elections were held was 1981 and the next presidential election is scheduled for 2015. With a history of electoral violence, there are fears that the election of 2015 may produce another round of tensions, unless the electoral reforms proposed in 2006 are implemented.²⁰⁴ As in the agreement of 2006, the main areas that require inclusive reform are: the composition of the Independent National Electoral Commission; the distribution of seats by electoral districts; the nature of the voting system; limits to the number of presidential terms; and equal access of political parties and civil society to state media. As it is the pre-election year, 2014 may witness intense (if not violent) political mobilization by various actors over these much-needed reforms.

Economic and Financial Situation

301. The economy of Togo has showed a steady positive outlook since 2008 after the dip of 2007, though the economy remains small. GDP growth projections for 2013 and 2014 are 5.3% and 5.5%, respectively, up from 5% in 2012.²⁰⁵ The economy is dominated by the primary sector (mainly agriculture), followed by the tertiary and the secondary sectors.
302. According to a recent World Bank report, the country has good prospects for sustained economic growth due to its abundant supplies of high-quality phosphate, a favourable climate for agriculture, a natural deep-sea port and a dynamic commerce sector.²⁰⁶ The inflation rate eased off during the year, falling from 2.6% in 2012 to a projected 2.4% in 2013, though it is expected to rise to 2.7% in 2014.²⁰⁷ This rate is still within the UEMOA threshold of 3%.

203 BBC News, Togo Country Profile.

204 Kilo Lidawo, 'Putting a End to Recurring Political Tensions in Togo', ISS, 20 November 2013. Available at <http://allafrica.com/stories/201311201423.html>.

205 African Economic Outlook, Country Note on Togo.

206 World Bank, *World Bank Approves Funds to strengthen Togo's Economic Growth and Public Enterprise Oversight*, 5 December 2013.

207 African Economic Outlook, op. cit.

303. Due to recent reforms, the country has been able to improve the investment environment. In the World Bank report *Doing Business 2013*, Togo ranked 156th out of 183 countries and 157th for 2014. Though this is still a very low position, it marks improvement from the position of 161th in 2012.

304. In spite of this positive outlook, the country still faces daunting development challenges. While overall poverty rate reduced by 3% in 2013, extreme poverty rose to 30.4% from 28.6% in 2012.²⁰⁸ Furthermore, in a country with a young population (60% under 25 years of age), youth unemployment and underemployment are high (8.1% and 20.5%, respectively).²⁰⁹ To address this challenge, in December 2013, the World Bank approved a US\$14 million International Development Association credit to boost the Togo Government's efforts to enhance public finance management and strengthen economic governance and growth.²¹⁰ While the credit is principally meant to support the country's Sixth Economic Growth and Governance Credit, it is closely aligned with the Government's second PRSP, which is aimed at reducing poverty.

Prevalence of Predicate Crimes

305. In a region that has gained increasing notoriety for drug trafficking and other forms of organized crime, the porous borders of Togo and the dominance of its informal economic sector have made the country highly vulnerable to ML/TF risks. According to the INCSR, drug trafficking, trafficking in persons, corruption, misappropriation of funds, tax evasion and smuggling are major crimes in Togo.²¹¹ Togo is among the countries that reported the emergence of new psychoactive substances as a dangerous drug of addiction in recent years.²¹² The country is also identified as one of the origins of methamphetamine trafficked to East and Southeast Asia in 2012.²¹³ The weak enforcement of border management facilitates the smuggling of not only drugs but also other associated contrabands.

306. In early 2013, Ghanaian authorities expressed concern over the increasing rate of smuggling of petroleum products from Ghana to Togo.²¹⁴ Ghana is a new entrant into the club of oil-producing countries, and high demand for refined petroleum products in non-oil-producing neighbouring countries is certain to drive smuggling across the country's borders. Togo reported the following predicate crimes as prevalent in 2013: drug trafficking, corruption, tax fraud, smuggling of precious stones and metals, other investments, and bank fraud.

AML/CFT Situation

307. Togo has made noticeable progress in the implementation of AML/CFT measures, although its regime is still evolving. The country established a Scientific Commission responsible for modernizing the judicial system, including the review of legislation relating to cyber crimes, migrant smuggling and insider trading.

308. In addition, Togo reviewed its Penal Code to criminalize the full range of ML predicate offences. The FIU has been able to analyse STRs and send them on to the relevant authorities. In 2013, the country's FIU received 64 STRs, 60 of which are linked to ML. All 64 cases were investigated, but only one was prosecuted and no conviction has been recorded.

309. The AML/CFT regime of Togo still has deficiencies that need to be addressed. In particular, the country is deficient in international cooperation, terrorist financing and the operational autonomy of its FIU.

Technical Assistance

310. The country's technical assistance needs as expressed in its 2013 Country Report include training, provision of ICT equipment and logistics, conduct of research and typologies, and capacity-building for the FIU. In the year, Togo received several technical assistance from GIABA including the installation of the AML/CFT analytical software for the FIU. Other supports provided are reported in Chapter Five.

208 Ibid.

209 Ibid.

210 World Bank, World Bank Approves Funds.

211 US Department of State, INCSR 2013, vol. II, p. 394.

212 World Drug Report 2013, p. vii.

213 Ibid.

214 Vibe Ghana, National Security expresses concern over fuel smuggling, 13 February 2013.

311. In the coming year, Togo has planned to undertake the following activities: a national workshop on the implementation of UNSCR 1267 and 1373; a training seminar on coordinated border management; an AML/CFT training seminar for members of the court of audit and members of parliament; and an awareness-raising seminar for political authorities.

Conclusion

312. Togo's political terrain remains turbulent and if the agreed electoral reforms are not implemented is likely to see further eruptions as the 2015 date of the next presidential elections draws nearer. These developments are capable of overshadowing efforts to strengthen the country's AML/CFT regime.

313. While Togo has made progress in implementing acceptable international AML/CFT standards, the remaining deficiencies in its regime call for greater effort on the part of the country and its partners. In particular, the lack of operational autonomy of the FIU is cause for serious concern, as the FIU is the pivot of a country's AML/CFT regime.

314. If the growing threats of financial crime in the country are to be effectively countered the FIU should be adequately funded and staffed, and empowered to carry out its functions.

315. Finally, the low level of prosecution and the absence of conviction on ML/TF-related offences should be addressed. They expose the weaknesses in the country's criminal justice system with regard to adjudicating on financial crimes. This is an area that needs to be prioritized and where national authorities need to direct their energies.

CHAPTER THREE:

Country Assessments

316. GIABA concluded the first round of mutual evaluations²¹⁵ of its members with the on-site visit to the Democratic Republic of São Tomé and Príncipe in December 2012; the MER of STP was adopted in May 2013. In addition to conducting on-site evaluations, GIABA continued to monitor the progress made by member States in addressing the deficiencies identified in their AML/CFT systems through a robust follow-up process. In the year under review, three GIABA member States under the FATF/ICRG review process, namely Ghana, Nigeria and STP, were removed from the FATF Global Compliance Monitoring list as a result of the positive actions they had taken to strengthen their AML/CFT regimes. Other member States also recorded significant improvements in their AML/CFT systems, particularly as regards strengthening their legal and institutional frameworks and improving the implementation of AML/CFT measures. Within the context of the mutual evaluation process, the Secretariat made advocacy visits to some member States to engage with their national authorities on the need to implement acceptable AML/CFT standards effectively. The Secretariat consistently engaged with key AML/CFT stakeholders in member States both during advocacy visits and in the course of providing technical assistance to them that would help to ameliorate the deficiencies in their AML/CFT systems. Thus the year witnessed significant improvement in the quality of contributions by member States at the Technical Commission/Plenary meetings, signifying improvement in the knowledge base of AML/CFT stakeholders in the region.

317. This chapter reviews the mutual evaluation process and actions taken in the year under review, including a summary of outstanding issues as reflected in the follow-up reports of member countries.

Mutual Evaluation of São Tomé and Príncipe

318. The on-site visit to STP was conducted on 3–4 December 2012. The assessment was carried out using the FATF Forty Recommendations on Money Laundering, 2003 (updated in February 2009), Nine Special Recommendations on Terrorist Financing, 2001 and the AML/CFT Assessment Methodology, 2004 (updated in February 2009).

319. STP was rated Partially Compliant (PC) on 27 Recommendations, Non-Compliant (NC) on 20 Recommendations and Not Applicable (NA) on two Recommendations. The deficiencies identified in the AML/CFT system of STP included the lack of criminalization of counterfeiting and piracy of products and insider trading and market manipulation; the absence of a mechanism for freezing, without delay, funds or other assets of terrorists and those who finance terrorism and terrorist organizations, in accordance with UNSCR 1267 and 1373 and their successor resolutions; inadequate supervision of the financial and DNFBP sectors, and the lack of adequate resources (including financial and technical) for the law enforcement agencies to respond effectively to the threats of ML/TF.

320. The ME Report of STP was adopted at the GIABA 19th Technical Commission/Plenary Meeting held in May 2013, in Accra, Ghana. In accordance with the GIABA Mutual Evaluation Process and Procedures (ME P&P), the Plenary placed STP on the Expedited Regular Follow-up Process and directed STP to submit its first follow-up report to the GIABA Plenary in May 2014. The MER of STP has been published on the GIABA website (www.giaba.org).

321. After the adoption and publication of the MER of STP, the country enacted a new AML/CFT Law taking into consideration the recommendations in the MER. Following this, the FATF removed STP from its review

²¹⁵ The First Round commenced in June 2007 with the adoption of the MER of Sierra Leone.

process and issued a statement to the effect that: *'While São Tomé and Príncipe has made recent progress, its AML/CFT framework still contains a number of strategic deficiencies. Given the small size of this country's financial sector and its low impact on the international financial system, the FATF decided that São Tomé and Príncipe should continue to work closely with GIABA to address its remaining AML/CFT deficiencies.'*

Follow-up Reports

322. Based on the report the Co-Chairs of the Working Group on Mutual Evaluations and Implementation (WGMEI), and additional information provided by the member States as required, the GIABA Plenary meetings in May 2013 and November 2013 discussed and adopted the follow-up reports of some member States, and decided on the measures that should be applied in the follow-up process and the scheduling of the necessary actions that needed to be taken. It was noted that in spite of the technical support of GIABA and development partners, some countries were yet to address some of the strategic deficiencies identified in their AML/CFT systems. The assessed countries were therefore called upon to take the necessary actions to fully address these deficiencies. A summary of observations and Plenary decisions on the follow-up reports is presented below.

First follow-up report of Côte d'Ivoire

323. The first follow-up report of Côte d'Ivoire revealed that the country had made considerable progress in addressing the identified deficiencies in its AML/CFT regime. In particular, it has prepared a draft law on the suppression of terrorist acts, which had been forwarded to the General Secretariat of the Government in June 2013. Côte d'Ivoire also made some efforts to address deficiencies relating to Recommendations 13 and Special Recommendation IV and demonstrated the result of these efforts by providing statistics on suspicious transaction reports received by the FIU. The country also issued AML/CFT guidelines to financial institutions to

ensure the effective implementation of customer due diligence measures. However, the country is yet to address the following outstanding deficiencies in the country's AML/CFT system: non-criminalization of the full range of predicate offences of money laundering such as terrorism, financing of terrorist organizations and individual terrorists; migrant smuggling, insider trading and market manipulation; and speedy criminalization of self-laundering. Although Côte d'Ivoire had ratified 18 conventions on terrorism, the country has not adequately criminalized terrorist financing. It was observed that notwithstanding the confiscation of certain proceeds of crime, Côte d'Ivoire is yet to adopt a policy for the systematic and effective implementation of the legislation on freezing, seizure and confiscation of proceeds and instrumentalities of crime. Côte d'Ivoire was commended for the progress made considering its post-conflict situation, and was encouraged to urgently address the remaining deficiencies in its AML/CFT system to protect its economy from the vagaries of money launderers and financiers of terrorism. Côte d'Ivoire was retained on Expedited Regular Follow-up, and was therefore directed to submit its second follow-up report to the Plenary in November 2014.

First follow-up report of Guinea

324. The 18th GIABA Technical Commission/Plenary held in November 2012 adopted the MER of Guinea and placed the country on Expedited Regular Follow-up in accordance with the GIABA ME P&P. Consequently, Guinea was directed to submit its first follow-up report to the Plenary in November 2013. Following Guinea's inability to submit this report at the 20th GIABA Plenary in November 2013, the Secretariat presented a Memorandum on the Status of Implementation of AML/CFT measures in Guinea which highlighted the outstanding deficiencies identified in the country's AML/CFT system, the technical assistance provided by GIABA, and other efforts made to ensure effective implementation of AML/CFT measures. The memorandum also stated the implications of the country's failure to submit its follow-up report as per the Plenary decision. In defence of its inaction, Guinea

provided information on its recent developments, particularly the establishment of the FIU and appointment of its leadership, and pledged to take significant steps to address the outstanding deficiencies in its AML/CFT regime.

325. The Plenary noted the efforts made by Guinea and encouraged the country to accelerate the pace of implementing AML/CFT measures, including taking immediate action to ensure the full operation of the FIU.
326. However, due to the country's non-compliance with the ME P&P regarding the submission of follow-up reports and the minimal progress made by Guinea since the adoption of its MER in November 2012, and thus applying appropriate steps as provided in paragraph 48(a) of the GIABA ME P&P, the Plenary escalated Guinea to Enhanced Follow-up and directed the country to submit its first follow-up report to the Plenary within six months in May 2014.

Second follow-up report of Liberia

327. The second follow-up report of Liberia revealed that the country had taken some bold steps towards establishing a comprehensive AML/CFT legislative and institutional framework as a basis for addressing the deficiencies identified in its MER. Specifically, the Liberian Parliament amended the Penal Code to fully criminalize some outstanding predicate offences including extortion, environmental crime, illicit trafficking in human beings and migrant smuggling. The country also passed the following AML/CFT-related pieces of legislation: the Financial Intelligence Unit Act, Fraud Act, Anti-Money Laundering and Terrorist Financing Act, Provisional Remedies for Proceeds of Crime Act, Mutual Legal Assistance in Criminal Matters Act, and the Distribution of UN List of Terrorists and Terrorist Groups Act. These pieces of legislation received presidential assent in April 2013. These laws have addressed deficiencies in the following: criminalization of money laundering, terrorist financing and certain predicate offences; measures for freezing, seizure and confiscation of

proceeds of crime and funds intended for the financing of terrorist acts; CDD obligations; record-keeping; suspicious transaction reporting; establishment of an FIU; mutual legal assistance; extradition; national coordination; international cooperation; and implementation of UNSCRs 1267 and 1373.

328. Liberia's efforts in enacting the seven pieces of legislation were acknowledged by the Plenary in May 2013, but it noted with concern that some deficiencies remain in the country's AML/CFT system, particularly as regards the full functioning of the FIU; the adoption of the revised CDD/KYC guidelines; the National AML/CFT Strategy; issuance of guidelines for relevant reporting entities; and effective supervision of those entities. Consequently, Liberia was directed to engage with the GIABA Secretariat to ensure that the country set up appropriate mechanisms to address the identified deficiencies. In the course of its engagement with the Secretariat, Liberia issued the AML/CFT Regulations, established the FIU, appointed the board members of the FIU and adopted its National AML/CFT Strategy. In November 2013, the Secretariat updated the Plenary on the outcomes of its engagement with Liberia. The Plenary thus commended Liberia for the achievements, and encouraged it to intensify efforts to address the remaining deficiencies before the May 2014 Plenary. Liberia was therefore retained on Expedited Regular Follow-up and was requested to submit its third follow-up report to the Plenary in May 2014.

Second follow-up report of Togo

329. Togo's second follow-up report was discussed at the May 2013 Plenary in Accra, Ghana. It was noted that Togo had made some notable progress in addressing the deficiencies in its AML/CFT system. In particular, it had established a Scientific Commission in charge of modernizing the judicial system. The newly established Commission will review legislation relating to cyber crimes, migrant smuggling and insider trading. Togo also revised its Penal Code to criminalize these offences. The amendments were endorsed by the Cabinet in November 2012 and are awaiting

enactment by Parliament. Other actions taken by Togo to improve its AML/CFT framework included the training of staff of the FIU; strengthening cooperation through signing of MoUs with other FIUs, and the admission of the Togo FIU into the Egmont Group.

330. The Plenary enjoined Togo to take steps to address the issues relating to seizure, freezing and confiscation of proceeds of crime and instrumentalities, supervision, ratification of conventions and international instruments, mutual legal assistance and international cooperation.

331. The Plenary maintained Togo on Expedited Regular Follow-up and directed the country to submit its third follow-up report in May 2014.

Third follow-up report of Benin

332. The third follow-up report of Benin discussed at the May 2013 Plenary showed that the country has made significant progress in addressing some of the deficiencies identified in its AML/CFT system since the submission of its second follow-up report in May 2012. Specifically, progress made included the enactment of the CFT law and the adoption of Banking Regulation No. 2012-24 of 24 July 2012. Also, Benin established an Inter-Ministerial Committee responsible for coordinating AML/CFT efforts in the country. Other progress made by Benin relates to the installation of analytical software in the FIU provided by GIABA, replacement of four staff of the FIU who have been redeployed, organization of capacity development programs with the support of the World Bank and the Internal Security Department of the French Embassy in Benin, exchange of information with TRACFIN and CTIF-CFI of Belgium in relation to analysis of STRs and the establishment of an Inter-Ministerial Committee. The remaining deficiencies in Benin's AML/CFT system include lack of obligation to take enhanced CDD measures for high-risk categories, and inadequate criminalization of terrorist financing by not specifically covering financing a 'terrorist individual' and 'terrorist organization' as required by Special Recommendation II.

333. The Plenary encouraged Benin to intensify efforts to address the remaining deficiencies in its AML/CFT regime. The country was maintained on Expedited Regular Follow-up and directed to submit its fourth follow-up report to the Plenary in May 2014.

Fourth follow-up report of Burkina Faso

334. The fourth follow-up report of Burkina Faso showed that the country had taken actions to strengthen its AML/CFT system by the designation of a competent authority for administrative freezing via Decree 2012-1136/PRES/PM/MEF of December 2012. In this regard, the Minister of Economy and Finance has been designated as the competent authority to implement the measures for the freezing of funds and other assets belonging to terrorists or terrorist organizations. An Advisory Committee on Administrative Freezing was also established. The FIU of Burkina Faso strengthened its organizational, technical and operational capacity, thus enabling it to be admitted to the Egmont Group of FIUs in July 2013. The FIU signed MoUs with the FIUs of Cabo Verde, Mauritius, Algeria and Chad. The FIU also received and responded to requests for information from foreign FIUs and disseminated intelligence reports to prosecutors for further action.

335. However, Burkina Faso needs to address the remaining deficiencies in its AML/CFT system such as the revision of the AML and CFT laws to ensure conformity with acceptable international AML/CFT standards. Also, the country is required to set up adequate enhanced measures for high-risk customers and effective regulation and supervision of financial institutions and DNFBPs and cash couriers.

336. Based on the steady progress made by Burkina Faso throughout the follow-up process, the Plenary maintained the country on Expedited Regular Follow-up and directed Burkina Faso to submit its fifth follow-up report to the Plenary in November 2014.

Fifth follow-up report of Ghana

337. In 2013, Ghana continued to address the broader range of deficiencies identified in its AML/CFT system, as contained in its MER, and made progress in implementing the laws and measures it has passed to combat ML/TF. Specifically, Ghana issued an Executive Instrument 2 (2013) which sets out instructions for implementing UNSCRs 1267, 1373, 1718, 1737, successor resolutions and other relevant resolutions. This instrument substantially complies with international standards. Also, the Anti-Money Laundering (Amendment) and the Anti-Terrorism (Amendment) Bills were still before Parliament by end of 2013. The amendments to the two pieces of legislation are intended to strengthen the country's AML/CFT regime and facilitate admission of Ghana FIC to the Egmont Group of FIUs. Ghana also prepared the Companies (Amendment) Bill, which requires companies to maintain adequate information on the beneficial ownership and control of legal persons that can be accessed in a timely manner. The Bank of Ghana organized training on the requirements of record-keeping for non-bank financial institutions (NBFIs), foreign exchange agencies and Mobile Money TransferS (MVTs) in July 2013 and conducted on-site examinations of 10 savings and loans companies and 25 MVT agencies. Financial institutions in Ghana began submitting the proposed AML/CFT compliance and training guidelines to the FIC for the purpose of assessing their adequacy.
338. As part of its ongoing monitoring of AML/CFT compliance, the Ghana FIC reviewed AML/CFT compliance reports submitted by banks and NBFIs. It recruited additional staff and conducted training for its staff members. Ghana provided additional information on other measures it had taken to improve its AML/CFT system, including the establishment of a taskforce to strengthen the capacity of prosecutors and members of the judiciary and the commencement of a public outreach aimed at combating cyber crimes.
339. To sustain the momentum in the implementation of its AML/CFT measures, Ghana is enjoined to expedite actions towards the passage of two outstanding Bills:

the Extradition Bill and the Real Estate and Anti-Terrorism (Amendment) Bill. In addition, Ghana should strengthen its supervisory regime for the insurance, non-profit and security sectors.

340. Ghana was commended on the significant progress it has made towards improving its AML/CFT regime. It is worth noting that its efforts in addressing the deficiencies identified in its MER resulted in the country's removal from the FATF/ICRG Review process. Ghana was maintained on Expedited Regular Follow-up and directed to submit its sixth follow-up report to the Plenary in November 2014.

Fifth follow-up report of Mali

341. Despite the weakening of its institutions and its limited effectiveness in implementing government policies, both resulting from its political situation, Mali had taken some notable actions to correct the deficiencies identified in its AML/CFT system. Specific actions taken included the adoption of the draft Law on Combating Illicit Enrichment by the Council of Ministers, strengthening the capacity of the FIU with additional staff and the establishment of the court of first instance, Community VI, Bamako District, a judicial division specializing in the fight against terrorism and transnational organized crime. Within the framework of international cooperation, Mali signed cooperation agreements with some countries and processed extradition requests. It also received requests for assistance and information from other countries within and outside the region.
342. Mali is encouraged to sustain this momentum and to address, without delay, the following remaining deficiencies in its AML/CFT system: the designation of the authority responsible for the administrative freezing of assets in accordance with Special Recommendation III; the organization of the round table of donors to fund the National AML/CFT Strategy; the development of administrative procedures for the freezing of assets; and the organization of awareness-raising and training workshops for NGOs and charity associations. Mali should make efforts to implement

the activities contained in its Action Plan and National AML/CFT Strategy. The Plenary maintained Mali on Expedited Regular Follow-up and directed the country to submit its sixth follow-up report in November 2014.

Fifth follow-up report of Niger

343. Niger passed Decree No. 2013-220/PRN/MF on 14 June 2013 and also approved its National AML/CFT Strategy aimed at fighting ML/TF. The Cabinet adopted a draft Bill to establish specialized economic and financial crimes units. The Bill also provides for the establishment of one judicial unit and two other units, the monitoring and trial units, within the regional branches of each Court of Appeal. Niger also took the initiative of addressing deficiencies relating to record-keeping as provided in Article 10 of the Anti-terrorism Financing Act No. 2010-05 of January 2010, which outlines the identification documents and transactions to be kept for the purposes of evidence. The country organized capacity-building programs for various AML/CFT stakeholders. In April 2013, with the support of GIABA, the Niger FIU undertook a study tour to the FIUs of Côte d'Ivoire and Senegal. Niger informed the Plenary that following the dissemination of intelligence by the FIU to the Prosecutor's office, prosecution of suspects was in progress.

344. The Niger FIU asked for and received information from counterpart FIUs as well as from four foreign FIUs. The FIU has embarked on the process for admission to the Egmont Group and was invited as an observer to attend the 21st Plenary of the Egmont Group held in Sun City, South Africa. The Plenary acknowledged the steady progress being made by Niger in improving its AML/CFT system and encouraged the country to sustain the momentum. The Plenary maintained Niger on Expedited Regular Follow-up and directed the country to submit its sixth follow-up report to the Plenary in November 2014.

Fifth follow-up report of Nigeria

345. Nigeria has made significant progress in addressing the deficiencies identified in its AML/CFT regime. Specifically, it enacted the Money Laundering

(Prohibition) (amendment) Act 2012 and the Terrorism (Prevention) (amendment) Act 2013. It also passed the Terrorism Prevention (Freezing of International Terrorist Funds and Other Related Measures) Regulations 2011. This legal framework is aimed at providing a good platform for a coordinated approach to the implementation of AML/CFT measures in the country, assisting key stakeholders to understand their respective roles in the fight against ML/TF, and designating a central authority to issue further regulations for effective implementation of AML/CFT measures. The Acts addressed the remaining technical issues pertaining to Recommendation 5 on CDD: criminalization of terrorist financing, including the financing of a terrorist organization and an individual terrorist; use of funds; the intentional element of the terrorist financing offence; jurisdictional matters; ancillary offences; the predicate offences of money laundering; liability of legal persons; and sanctions.

346. Nigeria provided statistics on STRs, CTRs, on-site examinations conducted by supervisory authorities, number of bureaux de change licensed by the Central Bank, and coverage of the informal sector by the Special Control Unit against Money Laundering (SCUML). It concluded cases and ongoing prosecutions relating to terrorism in order to show the effectiveness of its AML/CFT system (see Chapter Two). The remaining deficiencies in the country's AML/CFT include the lack of legislation on MLA and non-conviction-based assets recovery. Nigeria was encouraged to intensify efforts to address the remaining deficiencies. The country was maintained on Expedited Regular Follow-up and directed to submit its sixth follow-up report to the Plenary in the May 2014.

Fifth follow-up report of Senegal

347. The fifth follow-up report of Senegal showed that the country had implemented commendable measures, including the establishment of the National Commission for the Recovery of Illicit Assets and the creation of a National Anti-Corruption Agency mandated to prevent corruption and related offences. In addition, it has set up other good governance structures to deal with economic

and financial crimes in general. Other efforts made by Senegal include training relevant personnel of the FIU; analyses and dissemination of financial intelligence to law enforcement agencies; strengthening cooperation with other counterpart FIUs through the signing of MoUs; supervision of financial institutions and DNFBPs; and designation of a competent authority responsible for administrative freezing and monitoring compliance with freezing orders.

348. Senegal was encouraged to take urgent steps towards addressing deficiencies in adopting mechanisms for applying a risk-based approach, the obligation to carry out ongoing monitoring of customer relationships and transactions, a requirement for enhanced CDD measures for high-risk customers, a requirement to report attempted transactions, and procedures consistent with the requirements of UNSCRs 1267 and 1373. The Plenary maintained Senegal on Expedited Regular Follow-up and directed it to submit its sixth follow-up report to the Plenary in May 2014.

Fifth and sixth follow-up reports of Guinea Bissau

349. The fifth follow-up report of Guinea Bissau, which was discussed and adopted by the Plenary in May 2013, showed that the country had made moderate progress in addressing the deficiencies in its AML/CFT system. In particular, it had enacted the CFT law, published it in the official gazette, and organized awareness-raising programs for reporting entities on the new law. Also, in collaboration with GIABA, Guinea Bissau organized a sensitization program for the financial sector on their role in implementing the revised FATF Standards in April 2013.

350. Guinea Bissau informed the Plenary that the FIU had been provided with more suitable office accommodation, which should facilitate the installation of the AML/CFT analytical software provided by GIABA and further strengthen the performance of the FIU in carrying out its core functions.

351. Guinea Bissau acceded to the Protocol against Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components and Ammunition. This Protocol supplements the UN Convention against Transnational Organized Crime (Palermo Convention). The Protocol entered into force for Guinea Bissau on 24 October 2013. The Guinea Bissau FIU signed MoUs with the FIUs of Cabo Verde, Ghana, Nigeria and São Tomé and Príncipe and responded to a request for information from the Nigerian FIU. Other actions taken to improve the AML/CFT system of Guinea Bissau include approval of a Decree on Asset Freezing, a Decree on the creation of a National Authority for the Freezing of Assets and Other Financial Resources by the Council of Ministers, and a Joint Order for the establishment of an Inter-Ministerial Committee comprising the Ministries of Finance, Justice, the Interior and Foreign Affairs, with the mandate to examine administrative freezing of terrorist funds and other assets.

352. In spite of this progress, Guinea Bissau should address the remaining deficiencies including the lack of criminalization of the full range of predicate offences of money laundering such as financing of individual terrorists; lack of administrative measures for freezing terrorist funds and other assets; a low number of STRs submitted to the FIU; and the absence of effective supervision of reporting entities. It should also provide adequate resources for the FIU to facilitate its effective operations.

353. In view of the major deficiencies yet to be addressed, Guinea Bissau was retained on Enhanced Follow-Up and directed to submit its seventh follow-up report to the Plenary in May.

Sixth follow-up report of Cabo Verde

354. The sixth follow-up report of Cabo Verde showed that the country enacted legislation on combating the financing of terrorism. The Law was published on 21 January 2013 and entered into force on 22 January 2013. The country also enacted laws to implement UNSCRs 1267 and 1373. These pieces of legislation have addressed major gaps in the country's AML/CFT framework. The country secured a conviction on a money laundering offence. This conviction sets a precedent, which indicates that the country's AML Law covers self-laundering.

355. The country is yet to address issues relating to criminalization of the full range of designated categories of predicate offences for money laundering, an appropriate supervisory framework, and requirements under UNSCR 1373 relating to granting third party requests. Cabo Verde was called upon to expedite actions to criminalize the outstanding predicate offences and to take further steps to address the weaknesses identified in its CFT laws and other outstanding deficiencies noted in its AML/CFT system. In addition, the Plenary urged the country to provide adequate information or appropriate statistics that attest to the effectiveness of its AML/CFT system, including information relating to mutual legal assistance, other formal requests for assistance made or received by the FIU, and information on prudential and AML/CFT examinations carried out by supervisors. Cabo Verde was retained on Expedited Regular Follow-up and directed by the Plenary to submit its seventh follow-up report in May 2014.

Sixth and seventh follow-up reports of the Gambia

356. The sixth follow-up report of the Gambia indicated that the country inaugurated the Board of the FIU. During the period under review, the Gambia FIU exchanged information with a third country. The Gambia did not provide enough information to attest to the effectiveness of its AML/CFT system, particularly outstanding deficiencies relating to measures for the effective implementation of UNSCRs 1267 and 1373. Outstanding matters are effective supervision of financial institutions and DNFBPs; adoption of a National AML/CFT Strategy; and ratification of the UN Convention for the Suppression of Financing of Terrorism and the UN Convention against Corruption.

357. In its seventh follow-up report, the Gambia indicated that a new Director of the FIU was expected to assume office in December 2013 to facilitate the operational autonomy of the FIU and enable it to perform its core functions effectively. The Gambia also indicated that there has been an upward revision of the budget of the

FIU to facilitate its effective operation, as well as cater for additional staff seconded to the FIU. The follow-up report also indicated that the Gambia issued AML/CFT guidelines to DNFBPs.

358. However, the Gambia had not taken any actions to criminalize illicit traffic in stolen and other goods, counterfeiting and piracy of products, smuggling, insider trading and market manipulation, participation in organized criminal groups, racketeering, and illicit arms trafficking. The country does not have effective laws or procedures to freeze terrorist funds or other assets of persons designated by the United Nations Al-Qaida and Taliban Sanctions Committee in accordance with UNSCR 1267 and those designated under UNSCR 1373.

359. As part of efforts to address its remaining outstanding deficiencies, the Gambia should ratify the International Convention for the Suppression of Financing of Terrorism and the UN Convention against Corruption; criminalize the remaining predicate offences of money laundering; adopt effective laws and procedures to implement UNSCRs 1267 and 1373; and confirm the appointment of the Director of the FIU before the May 2014 Plenary. The Gambia was retained on Enhanced Follow-up and directed to submit its eighth follow-up report in May 2014.

Eighth and ninth follow-up reports of Sierra Leone

360. The eighth follow-up report of Sierra Leone noted that a permanent Director has been appointed for the FIU. However, the country was yet to begin effective implementation of the AML/CFT Act that was passed in February 2012. Sierra Leone had not ratified the Palermo Convention, established mechanisms and procedures for the implementation of UNSCRs 1267 and 1373, implemented its National AML/CFT Strategy, or established a national AML/CFT Inter-Ministerial Committee. The Plenary expressed concerns about the pace of implementation of the AML/CFT Act and the persistence of certain key deficiencies in the country's AML/CFT system and directed Sierra Leone to urgently engage with the GIABA Secretariat for support in order

to address these deficiencies. During the second half of the year the country placed the regulations for the implementation of UNSCR 1267 and 1373 and Regulations on Terrorism Prevention (Freezing of International Terrorists Funds and other Related Measures) 2013 before Parliament for approval. Sierra Leone issued the Revised Guidelines for Financial Institutions on the Prevention of Money Laundering and Terrorist Financing and prepared AML/CFT Guidelines for DNFBPs. The FIU analysed STRs and disseminated intelligence reports to law enforcement agencies for further action.

361. The FIU secured premises for its operations and recruited additional staff to strengthen its capacity. The AML/CFT analytical software and hardware provided by GIABA were installed during the period under review. The Plenary noted that Sierra Leone needs to ensure

that the FIU is fully operational; pass regulations for the implementation of UNSCR 1267 and 1373; ratify the Palermo Convention; train supervisors on the consolidated bank examination manual; establish the Inter-Ministerial Committee and ensure its effective functioning; and improve coordination among national competent authorities. The Plenary commended Sierra Leone for making progress and encouraged the country to sustain the pace. Sierra Leone was retained on Enhanced Follow-up and directed to submit its tenth follow-up report in May 2014.

Major Milestones in AML/CFT Regimes of GIABA Member States

362. Within the context of mutual evaluation and follow-up process the major outcomes in 2013 are summarized in Table 3.1 below.

TABLE 3.1: Important AML/CFT Milestones in 2013

S/N	Tomé Important milestones in 2013 with respect to mutual evaluation and follow-up process	Member State
1.	Adoption of the mutual evaluation report of São Tomé and Príncipe	São Tomé and Príncipe
2.	Removal of member States from the FATF Global Compliance Monitoring List	Ghana, Nigeria, São Tomé and Príncipe,
3.	Establishment of FIU	Guinea, Liberia
4.	Appointment of leadership (substantive Director and Board members of FIU)	The Gambia, Guinea, Liberia, Sierra Leone
5.	Provision of secure office accommodation for FIU	Guinea Bissau, Sierra Leone
6.	Admission of FIU as Egmont Member	Burkina Faso, Benin
7.	Review and Enactment of AML/CFT legislation Issuance of other enforceable means	Benin, Cabo Verde, Côte d'Ivoire, Ghana, Guinea Bissau, Liberia, Mali, Niger, Nigeria, São Tomé and Príncipe, Senegal, Sierra Leone, Togo
8.	Establishment of AML/CFT Implementing Agencies	Burkina Faso, Mali, Niger, Nigeria, Senegal, Togo
9.	Establishment of mechanism for implementing UNSCRs 1267 and 1373	Burkina Faso, Ghana, Nigeria, Senegal

363. The table 3.1 above indicates that member States have continued to make progress in implementing AML/CFT measures of acceptable international standards. In particular, they have strengthened their legal frameworks to create a solid footing for successful prosecution of ML/TF and provided a sound basis for an effective AML/CFT regime. Notwithstanding these achievements, the level of prosecution and conviction of ML/TF cases remains low in some countries and is entirely lacking in others. Member States still need to attain greater effectiveness in their AML/CFT systems. The follow-up reports did not always incorporate inputs from key stakeholders, indicating that there were gaps in the area of domestic coordination and cooperation. Consequently, GIABA will place more emphasis on the effectiveness of AML/CFT systems and national coordination in line with Recommendation 2 of the revised FATF Standards. More than ever before, GIABA member States will need to understand what constitutes an effective AML/CFT system and stakeholders should promote cooperation and coordination at the national level, particularly as the next round of assessments will place greater emphasis on these areas.

Strategic Review of the First Round of GIABA Mutual Evaluations, 2007–2012

364. As a FATF-style regional body, GIABA is mandated to undertake mutual evaluation of its member States to determine their level of compliance with the FATF Recommendations. The evaluations are based on a set of objectives and guiding principles as laid out in the 2004 FATF Methodology for Assessing Compliance, the FATF Handbook for Countries and Assessors, and the GIABA Mutual Evaluation Process and Procedures. Specifically, the objectives and principles of the evaluations conducted by GIABA require that the process should, among other things, ensure that there is a level playing field, whereby mutual evaluation reports, including the summaries, are consistent and ensure equality of treatment for all countries assessed, in terms of both process and results.

365. A strategic review of the first round of mutual evaluations carried out between 2007 and 2013 was conducted to ascertain the level of performance of GIABA member States and the quality of the process. The review, which took the form of a desk study where various relevant documents and reports were reviewed, including the 2004 FATF Methodology, the GIABA ME P&P and MERs of GIABA member States, was aimed at:

- a. Reviewing and analysing the framework for mutual evaluation in relation to the peculiarities of GIABA member States;
- b. Reviewing and analysing the processes, procedures and mechanisms adopted for the conduct of the evaluation with a view to highlighting their strengths and weaknesses;
- c. Reviewing and analysing the country-specific outcomes of the evaluation with a view to highlighting the objectivity and consistency of the outcome; and
- d. Raising pertinent observations with regard to the outcome of the evaluation process and proffering recommendations that would facilitate the improvement in the conduct of the second round of evaluation.

366. The review of the MERs revealed that some member States had similarities in the summary of factors underlying their ratings of compliance with the Recommendations, but these were rated differently. For instance, three of the 15 member states, namely Guinea, Nigeria, and Senegal, were rated Largely Compliant (LC) on Recommendation 1. The remaining member States, except Liberia, which was rated Non-Compliant (NC), were rated Partially Compliant (PC) with this Recommendation. With regard to Recommendation 2, nine countries were rated LC, five were PC, and one, namely Guinea, was rated Compliant (C).

367. The review made the following recommendations:

1. There is a need to review the pre-evaluation aspect of the mutual evaluation process to accommodate the various challenges in GIABA member States, which may be similar to those experienced by other developing countries, in terms of the inadequacy of

existing human, institutional, legal, supervisory, regulatory, and institutional capacities for AML/CFT, informal sector and cash-dominated economies. Such review should incorporate a comprehensive and realistic time-table of preparatory activities, especially the acquisition of required knowledge to ensure adequate preparation for the evaluation.

2. There is a need for relevant officials and stakeholders in GIABA member States to improve their knowledge and understanding of the FATF Recommendations and the various activities and tasks required for the building of effective AML/CFT systems.
3. There is a need to ensure that stakeholders in the mutual evaluation process, particularly assessors, are given the appropriate training before the evaluation is carried out, and the quality of training provided to the assessors should be evaluated. This will not only improve the consistency of ratings, but also ensure that all assessed countries receive equal treatment. Also, independent reviewers could be contracted to review all ME reports for consistency and equal treatment before they are published.
4. Finally, assessors should acquaint themselves with similar previous evaluations carried out on countries both within and outside the region in order to learn some useful lessons that could help them in the evaluation process.

368. The report will be published in 2014.

GIABA Second Round of Mutual Evaluations

369. The 20th Technical Commission/Plenary held in Cotonou, Benin Republic in November 2013, adopted the Secretariat's recommendation to start the second round of evaluations in the last quarter of 2015. The evaluations will be based on the revised FATF Standards adopted in February 2012 using the new Methodology for Assessing Compliance with the FATF Recommendations and the Effectiveness of AML/CFT systems adopted by the FATF on 22 February 2013.

370. The new Standards, particularly Recommendation 1, threw up new challenges for countries. Specifically, Recommendation 1 requires countries to identify, assess, and understand their ML/TF risks and take action, which includes designating an authority or mechanism to coordinate actions to assess the risks, and apply resources in order to ensure that the risks are effectively mitigated. It further states that based on that assessment, countries should apply a risk-based approach to ensure that measures to prevent or mitigate ML/TF are commensurate with the identified risks. Thus, under the new regime, the existence of a National Risk Assessment framework is a necessary tool for countries in the implementation of effective national AML/CFT regimes.

371. The new methodology adds an extra dimension to the evaluation of countries' compliance with FATF Standards and lays the foundation for a systematic assessment of the effectiveness of national systems. The assessments to be undertaken in line with the methodology are expected to determine how well countries achieve the objective of fighting ML/TF. The methodology comprises two interlinked components: technical compliance and effectiveness. The technical compliance assessment will address the specific requirements of each of the FATF Recommendations, mainly as they relate to the relevant legal and institutional framework of the country, and the powers and procedures of competent authorities, which represent the fundamental building blocks of an AML/CFT system. The effectiveness assessment will assess the extent to which a country achieves a defined set of outcomes that are central to a robust AML/CFT system; it will also analyse the extent to which a country's legal and institutional framework is producing the expected results. Together, the assessments of technical compliance and effectiveness are expected to present an integrated analysis of the extent to which the country is compliant with the FATF Standards and how successful it is in maintaining a strong AML/CFT system, as required by the FATF Recommendations.²¹⁶

²¹⁶ Paragraph 3, Introduction to 2013 FATF Methodology.

372. In West Africa, the adoption and implementation of the FATF Standards have yielded some positive results. For instance, all GIABA member States have enacted AML/CFT legislation, while many have established appropriate institutional frameworks, adopted national AML/CFT Strategies and strengthened inter-agency coordination and international cooperation in efforts to combat ML/TF. However, the outcomes of the first round of mutual evaluations, including analysis of follow-up reports, reveal that significant strategic deficiencies still exist in the implementation of AML/CFT standards in all member States. Several factors account for this, including the cash-based nature of the region's economies, weak institutional and human capacity, inadequacies of legal and regulatory frameworks, weak inter-agency cooperation and coordination, large porous and unsecured national borders, political instability, pervasive corruption, the uncooperative attitude of some reporting entities, and weak political will.
373. In view of the paradigmatic shift and new focus of the evaluation process as envisaged in the revised standards and the accompanying revised methodology for assessments, member States need to demonstrate more commitment to the implementation of acceptable international AML/CFT measures, including addressing the deficiencies in their AML/CFT systems, while taking into consideration the requirements of the revised standards and the expected immediate outcomes elaborated in the methodology. Consequently, the period between January 2014 and September 2015 will be used to prepare for the evaluations. The Secretariat will set up appropriate mechanisms for conducting the evaluations, including training of assessors and participation in the FATF pilot mutual evaluations. Also, during the preparatory period, the Secretariat will organize regional assessor training programs for officials of GIABA member States and provide the necessary assistance to member States, including conducting national risk assessment and promotion of domestic coordination to enable all relevant AML/CFT stakeholders to acquaint themselves with the evaluation process. In particular, as part of the preparatory stage, the Secretariat in collaboration with the appropriate working groups will present to Plenary in May 2014 the following items for discussion: GIABA revised Mutual Evaluation Process and Procedure, developed in line with FATF P&P, and Schedule of Mutual Evaluations On-Site.

CHAPTER FOUR:

Typologies and Other Research Studies

374. The generation of knowledge on money laundering and terrorist financing through the conduct of typologies and research studies is an important mandate of GIABA. The GIABA Research Strategy seeks, among other things, to *'create a reservoir of knowledge and promote a clear understanding of the ML/TF phenomena in ... West Africa.'*

375. The Strategy spells out priority areas of GIABA research efforts, including supporting GIABA member States to meet their obligations and comply with international AML/CFT standards in the context of conducting risk assessment on ML/TF under the new FATF Recommendation 1, as well as providing technical assistance to them within the framework of regional integration. Other critical areas the Strategy targets include conducting strategic assessment of the GIABA ME P&P to determine the level of objectivity, consistency and effectiveness; conducting a strategic surveillance of ML/TF within West Africa; and supporting member States to conduct typology studies on ML/TF and to implement the outcomes of research studies in order to improve their AML/CFT systems.

376. The typologies and other research activities of GIABA in 2013 were geared towards addressing the issues of limited knowledge and understanding of ML/TF, compliance with international AML/CFT standards, and improving the capacities of member States to combat the two phenomena by developing interventions based on empirical evidence.

377. Thus, in accordance with the Research Strategy and the overall mandate of assisting member States to combat ML/TF, the typologies and research activities of GIABA in 2013 involved: (i) strengthening the capacities of member States to conduct ML/TF risk assessment; (ii)

supporting the development of national AML/CFT strategies; (iii) initiating new research studies and supporting member States to conduct typologies exercises; (iv) conducting a strategic review of the first round of GIABA mutual evaluations; (v) completing studies under GIABA research grants; and (vi) building the capacities of both the Secretariat and the GIABA Working Group on Typologies in the conduct of typologies through participation in FATF typologies projects.

378. Below is a snapshot of the various typologies and other research activities conducted by GIABA in 2013.

Joint FATF/GIABA Typologies Project on Terrorist Financing in West Africa

379. The report of the Joint FATF/GIABA Typologies Project on Terrorist Financing in West Africa has been completed and published following its adoption by both the FATF and GIABA Plenaries. The project used case studies from Burkina Faso, Mali, Niger, Nigeria and Senegal. It identified four typologies from the case studies analysed which revealed how terrorist groups and their supporters raise funds for their activities in the region. The typologies indicate that terrorist financing is done mainly through (i) trade and other lucrative activities; (ii) NGOs, charity organizations and levies; (iii) the smuggling of arms, assets and currencies by cash couriers; and (iv) drug trafficking.

380. The following were among the findings of the study:

1. Terrorists and terrorist groups use both legitimate and illegitimate means to raise funds. The funds raised are used to provide for personal upkeep of

members and their families, purchase tools and equipment, recruit new members, and disseminate propaganda to attract sympathy/support to assist in carrying out terrorist acts;

2. Formal and informal channels of cash movement are exploited by terrorists to move their funds around;
 3. Security and surveillance at various national borders are weak, resulting in the infiltration of terrorists, small arms and light weapons. In addition, there are numerous unofficial border-crossing points that cannot be adequately patrolled by State officials;
 4. NGOs and charities are vulnerable to exploitation by terrorist organizations. Terrorist organizations are also targeting the most vulnerable members of society (the elderly/infirm, child beggars) in an effort to raise funds and hide their true intent;
 5. Law enforcement and regulatory agencies, security and intelligence services and the judiciary lack the requisite capacity to effectively address the challenge of terrorism and terrorism financing.
381. These findings elicited a series of recommendations with regard to combating money laundering and terrorist financing.

A Review of the State of Implementation of AML Measures in relation to Financial Inclusion in GIABA Member States

382. International AML/CFT standards, as reflected in the FATF 40 Recommendations, require reporting entities, namely financial institutions and DNFBPs, to undertake a series of measures when establishing business relationships and/or carrying out transactions. Among such measures are customer due diligence (CDD) and know your customer (KYC), which require reporting entities to identify or verify the identities of their customers by demanding from them, and/or obtaining a number of documents on customers and prospective customers. Hence, the

implementation of CDD and KYC requirements where illiteracy rates, poverty and unemployment are high and the use of cash transactions is widespread, is quite challenging. This limits the spread of formal financial services.

383. Considering the importance of financial inclusion to successful implementation of AML/CFT measures, and the need to ensure that the implementation of these measures do not prove to be counterproductive in terms of the regulation and supervision of transactions for purposes of AML/CFT, GIABA conducted a desk review of the implementation of AML/CFT measures and financial inclusion in its member States. The review, which commenced in December 2012, was aimed at providing greater understanding of financial inclusion in West Africa, especially in terms of measures put in place to increase and deepen participation in the formal financial systems, and the challenges faced in the implementation of such measures. The report will be published in 2014.

Regional Study on the Vulnerabilities of DNFBPs to ML/TF and the Adequacy of Control Measures in West Africa

384. The DNFBPs have a high risk of being used as conduits for illegal activities, especially the conduct of financial transactions using illicit funds. Therefore, their regulation and supervision is important within the overall AML/CFT efforts. Mutual evaluations carried out by GIABA of the AML/CFT situation in its member States between 2007 and 2013 revealed that DNFBPs are poorly regulated and supervised.
385. In view of this, GIABA commenced a regional research study on the vulnerabilities of DNFBPs to ML and TF in West Africa in December 2013. The study, which covers the 15 ECOWAS member States, is to be completed in April 2014. The study seeks not only to generate knowledge and deepen understanding of the operations of DNFBPs in West Africa, but also to identify the methods and techniques through which they are exploited by money launderers and terrorist

financiers. Equally important, the study aims to provide a deeper understanding of how DNFBPs could be misused for the purposes of laundering the proceeds of crime. The findings of the study will assist policy-makers and relevant authorities to better regulate and supervise DNFBPs within their respective jurisdictions.

Joint FATF/MENAFATF Experts' Meeting on Typologies

386. GIABA participated in the 2013 Annual FATF Experts' Meeting on Typologies in Doha, Qatar, on 2–4 December 2013. The meeting was hosted by the National Anti-Money Laundering and Counter Financing of Terrorism Committee of Qatar and the Central Bank of Qatar on behalf of the Middle East and North Africa Financial Action Task Force (MENAFATF). The event brought together experts from 40 countries and 14 international bodies, including FSRBs. The aim was to examine the nature and dynamics of money laundering and terrorist financing, particularly with regard to the methods and techniques used by the actors involved, as well as emerging trends. Four workshops on four research topics were held simultaneously. These are on: (i) the risk of terrorist abuse in the NPO sector; (ii) financial flows linked to Afghan drug production and trafficking associated with ML/TF activities; (iii) money laundering through physical transportation of cash; and (iv) ML/TF risks and vulnerabilities associated with gold production, movement, markets, and trade. Below is the summary of the main objectives of the researches.

The risk of terrorist abuse in the NPO sector

387. The project, led by Canada and the UK, is the result of growing awareness of abuse of NPOs by terrorist financiers. FATF Recommendation 8 calls on countries to review the adequacy of laws and regulations to ensure that NPOs in their respective jurisdictions are not abused for the purposes of terrorist financing. The project focuses on examining the unique characteristics that make the NPO sector

vulnerable to TF, as well as how the sector can be abused by terrorist financiers. The objectives of the project are to:

- a. Reinforce the importance of the issue of terrorist abuse of the NPOs, as recognized in FATF Recommendation 8, and the need to better identify and understand the risks associated with the NPO sector;
- b. Identify different ways that NPOs can be abused by terrorist organizations; and
- c. Increase the general understanding of how to identify terrorist abuse in the NPO sector and mitigate such abuse.

Financial flows linked to Afghan drug production and trafficking and associated ML/TF activities

388. The project is designed to examine the links between drug trafficking and ML/TF, with particular focus on Afghan heroin production and trafficking. The objectives of the project are to:

- a. Assess the extent of the ML/TF threats associated with financial flows from Afghan drug production and trafficking on a global, regional and domestic level;
- b. Identify how and where ML/TF from the Afghan drug production and trafficking is occurring on the basis of case studies, existing literature and other data;
- c. Identify possible 'red flag' indicators that could assist financial and non-financial institutions in developing mechanisms to identify and report financial transactions, financial flows and ML/TF activities resulting from Afghan drug production and trafficking;
- d. Assist jurisdictions and FSRBs in building knowledge and recognizing the negative impact and effects on the integrity of the financial system associated with illicit production and trafficking in opiates and the need to take adequate counter-measures;

- e. Exchange best practices in detection and suppression of financial flows and ML/TF activities linked to Afghan drug production and trafficking; and
- f. Enhance FATF efforts in tackling illicit financial flows and prevention of ML/TF activities resulting from the Afghan drug production and trafficking.

Money laundering through physical transportation of cash

389. The project, jointly led by the FATF and MENAFATF, focuses on the following elements:

- a. The scope and extent of the problem of physical transportation of cash on global and regional levels;
- b. Operating models of physical transportation of cash and trends, methods and techniques used for ML through physical transportation of cash;
- c. The main challenges faced in terms of detection and disruption of physical transportation of cash; and
- d. Red flags.

ML/TF risks and vulnerabilities associated with gold – production, movement, markets and trade

390. This project, led by Australia and India, is to examine gold production, movement, trade and markets with a focus on the ML/TF risks. The project will identify the techniques, trends and methods of ML and TF associated with gold and its risks and problems; offer recommendations to facilitate investigations of ML/TF and predicate offences associated with gold; and identify indicators and red flags that could assist various stakeholders, including DNFbps, financial institutions and others in capturing relevant data and, as appropriate, identifying and reporting suspicious activity associated with the precious metals market. The specific objectives of the project are to:

- a. Map the nature, source and scope of gold production, markets and trade, with a focus on the risks of illicit transactions;
- b. Map the regulatory controls relating to all aspects of gold (e.g. scrap, bullion), including formal and informal activity, to provide law enforcement agencies with an overview of starting points for regulatory information on gold production and its wholesale and retail distribution;
- c. Identify predicate offences associated with gold;
- d. Identify the techniques, trends and methods of ML/TF associated with gold, with attention to exploitation of gold by transnational criminal organizations;
- e. Share case studies of ML/TF associated with gold;
- f. Identify any trends or patterns within jurisdictions and across the region for predicate offences, ML/TF and gold;
- g. Identify risks and vulnerabilities, problems and possible solutions associated with investigation of ML/TF and predicate offences associated with gold;
- h. Identify 'red flag' indicators that could assist DNFbps, financial institutions and others in identifying and reporting suspicious activities associated with the precious metals market;
- i. Examine best practices in FIUs' investigative, regulatory and supervisory approaches to prevent and detect ML/TF related to gold; and
- j. Identify emerging policy issues, including any for the international AML/CFT standards.

Mandate and membership of the GIABA Working Group on Typologies

391. The two-year mandate of the GIABA working group on typologies ended in November 2013. As a result, the Secretariat put forward a proposal to the Plenary

for the renewal of the mandate and reconstitution of the Group's membership. In addition, the Plenary was requested to approve the renaming of the Group from GIABA Typologies Working Group (WGTYP) to GIABA Working Group on Risks, Trend and Methods (WGRTM) in line with the FATF's redesignation of the Group.

392. Based on the submission made by the Secretariat and the outcome of the deliberations, the Plenary decided as follows:

- a. The Terms of Reference of the WGTYP be retained as approved at the December 2010 Plenary;
- b. The name of the WGTYP be changed to GIABA Working Group on Risks, Trends and Methods (WGRTM);
- c. The co-chairs of the WGTYP (Ghana and Senegal) be retained in the WGRTM to share their experiences, but the WGRTM should elect its own Co-Chairs; and
- d. Benin, Liberia, Mali, Niger, Nigeria and Togo were appointed as members of the WGRTM.

393. Member States appointed to the Group are expected to send qualified and committed candidates to represent them in the Group for the next two years.

Support to Member States to Conduct Typologies Studies

394. In line with efforts to promote knowledge generation and deepen understanding of ML/TF and related issues, GIABA has initiated the conduct of typologies on relevant topics by member State. Those typologies would be endorsed and approved by Plenary. Each proposal made will be shared with Plenary delegates, who will then take a decision on which topics to approve, thereby permitting the support of the Secretariat and the GIABA WGRTM.

395. Based on this, the Secretariat invited member States to submit proposals for their respective studies, accompanied by their tentative budgets. However, due to low response, it was decided that more time will be required by member States to put forward their proposals. The consideration for GIABA support will be made in 2014.

Conclusion

396. The conduct of typologies and other research studies is an important component of the AML/CFT architecture as the outcome provides factual direction for targeted action. The new FATF framework emphasises good understanding of the risk countries face as the basis for applying the risk-based approach within the compliance environment. Building capacity at the national level to undertake typologies exercises will open up more opportunities for generating knowledge, leading to better understanding of the ML/TF phenomenon in the region in order to adopt relevant counter-measures.



CHAPTER FIVE:

Technical Assistance and Training

397. In 2013, GIABA accelerated the pace of its technical assistance to its member States. The 2013 technical assistance program was designed to respond to the challenges occasioned by the vulnerabilities identified in the AML/CFT regimes of member States. Technical assistance was therefore demand-driven, relevant to identified national priorities, and was delivered in a flexible, result-oriented manner. The assistance was predicated on the 2011–2014 Strategic Plan and the kind of assistance requested by member States.

398. Broadly, the technical assistance provided in 2013 can be categorized as follows: (i) assessment of needs and support for the development of appropriate national AML/CFT frameworks; (ii) capacity-building, both human and institutional; (iii) provision of AML/CFT infrastructure/equipment, and (iv) legal and other advisory services. On the whole, the technical assistance provided in 2013 was aimed at reinforcing human and institutional capacity to enhance the implementation of AML/CFT regimes in member States. A summary of the technical assistance provided by GIABA to the member States in 2013 is given below.

Deployment of AML/CFT Analytical Software to FIUs

399. In 2010, the ECOWAS Council of Ministers approved a three-year technical assistance project for GIABA to provide 13 GIABA member State FIUs²¹⁷ with AML/CFT analytical software. The objective of the project was to support the FIUs with the necessary hardware and software that would enhance their analytical capability-cum-operational efficiencies and, specifically, improve the quality and quantity of intelligence disseminated in

support of national AML/CFT programs, particularly investigation and prosecution of ML/TF cases with a high possibility of conviction. The technical assistance was aimed at addressing operational challenges facing the FIUs such as security of information; basic and secure office infrastructure; lack of database; lack of relevant IT equipments and operational software to receive, analyse and disseminate the resultant intelligence, as identified in the GIABA Technical Assistance Needs Assessment report and the outcomes of mutual evaluations.

400. In continuation of the implementation of the project, in 2013 GIABA deployed the AML/CFT analytical software and required hardware to the FIUs of Benin, Mali, Niger, Sierra Leone and Togo. This brings to 10²¹⁸ the number of FIUs that have benefited since the project commenced in 2011. To ensure effective implementation of the project, GIABA closely monitored the process and initiated a series of offsite and onsite activities such as project coordination and implementation meetings between the Secretariat and service providers, on-site assessment, project audit by the ECOWAS Commission (Internal Audit), and feedback from member States.

401. The deployment of the analytical software in benefiting FIUs resulted in improved operational efficiencies of the FIUs, particularly in the analyses of STRs, culminating in a significant increase in the number of intelligence matters disseminated in many of the FIUs. For instance, intelligence disseminated by the FIUs of Ghana and Burkina Faso increased from 61 to 254 and 0 to 7 from 2011 to 2012, respectively.²¹⁹ This is a clear indication of the positive impact of the project on the operations of FIUs in the region.

217 Benin, Burkina Faso, Cabo Verde, Côte D'Ivoire, Gambia, Ghana, Guinea Bissau, Guinea, Liberia, Mali, Niger, Sierra Leone and Togo.

218 Benin, Burkina Faso, Cabo Verde, Côte D'Ivoire, Gambia, Ghana, Guinea Bissau, Mali, Niger, Sierra Leone and Togo.

219 FIUs AML/CFT Status Questionnaire, 2013.

402. The project was scheduled to be implemented between January 2011 and January 2014 as per the purchase agreement, but the actual implementation began in December 2011 following advice by the supplier on the need to take advantage of the expected upgrades to the software. All things being equal and given the pace of implementation, the project is intended to be completed by the second quarter of 2014 with the installation of the software in the remaining three countries: Guinea, Liberia and Guinea Bissau.
403. Major factors that hampered the early take-off of the project included the bureaucracy involved in the procurement of the software and the introduction of a newer version of the software by Oracle, after the procurement process was concluded. Besides the problem of political instabilities in some States, other major challenges encountered in the implementation of the project included lack of site readiness, national administrative bottlenecks in the clearing of the equipment, and the lack of capacity in most members to absorb the technical assistance. The technical gaps were not reported by the member States in their responses to the pre-implementation questionnaires administered to establish a country's readiness for the project.
404. Key lessons learned during the implementation of the project include the fact that:
- a) The equipment items are not off-the-shelf items but required customized purchase orders before purchasing;
 - b) The bureaucracy associated with clearing shipment on arrival adversely affected the timeliness of the project;
 - c) Lack of dedicated staff in some of the FIUs to the project affected the pace of the deployment process; and
 - d) Gaps in the technical skill of FIU staff on Linux OS and Oracle Dbase 11g affected the pace of delivery.
405. For sustainability and optimal use of the software, the FIUs, with the assistance of GIABA and other development partners, should invest heavily in the continuous capacity of personnel to manage the software.
406. A formal project report will be presented after the closure of the project. Also, an evaluation of the project will be undertaken to assist in the design of the post-implementation actions.

Membership of the Egmont Group

407. One of the priorities of GIABA is to promote the establishment and/or strengthening of FIUs in member States. To achieve this, GIABA works closely with member States and the Egmont Group to enhance the operational capacities of the FIUs as well as to promote their membership of the Egmont Group. During the year under review, GIABA promoted and facilitated the admission of three FIUs in the region to the Egmont Group. Two FIUs of GIABA member States, namely, Burkina Faso and Togo, were admitted into the Group at the Egmont Plenary meeting in July 2013, while the application of Ghana FIC is at an advanced stage. To date, six out of the 13 operational FIUs in the region are members of the Egmont Group. As members of the Group, the six FIUs have access to a wide range of information across the world, through the Egmont Secure Website. In addition to promoting international cooperation, their membership of the Group will enhance the AML/CFT efforts of their countries.

Forum of FIUs of GIABA Member States

408. The Regional Forum of FIUs in GIABA member States was established in 2009 to strengthen regional cooperation between FIUs of member States in the fight against money laundering, the financing of terrorism and proliferation. Specifically, the Forum was established to achieve a multiplicity of objectives, including to:

- i. Promote and facilitate cooperation among the FIUs of member States to ensure the effectiveness of measures and actions to prevent and detect ML/TF in West Africa;
 - ii. Promote the establishment and/or strengthening of member FIUs in conjunction with the relevant authorities of member States;
 - iii. Facilitate the exchange of information among members on the basis of MoUs and/or reciprocity;
 - iv. Carry out joint capacity-building/training programs of staff of the member FIUs;
 - v. Carry out joint research/typologies studies on areas of strategic interest as well as share best practices to improve and enhance their effectiveness;
 - vi. Provide members with the greatest possible technical cooperation and assistance with respect to implementation of AML/CFT measures;
 - vii. Facilitate the recovery and/or seizure of assets or property considered to be proceeds of crime; and
 - viii. Provide any other assistance for the common interest of members of the Forum.
409. Since its establishment, the Forum has met several times at every Plenary as part of the preliminary meetings. In 2013, the FIU Forum met on 8 May 2013 in Accra, Ghana, and on 5 November 2013 in Cotonou, Benin, respectively. The two meetings were attended by Heads of FIUs in the region, the GIABA Secretariat and Development Partners.
410. To date, the establishment of the Forum has resulted in improved regional cooperation and exchange of information among members; greater engagement between the member States' FIUs and GIABA on one hand, and member States' FIUs and the Egmont Group on the other; improved visibility of member States' FIUs at the global level, especially at the Egmont Group;

improved collective regional support to the candidature of member State FIUs in the Egmont Group; and facilitated the resolution of many matters of common and/or strategic interest. In 2013, the Forum considered and adopted the Status Report on FIUs of member States, established an appropriate structure for the Forum, and adopted its charter. In addition, several MoUs have been signed between members, including 12 MoUs signed during the November 2013 Plenary.

411. With the adoption of the Forum's charter and the establishment of an appropriate structure, the Forum is expected to take off fully in the coming year when GIABA Secretariat hands over the management of the Forum and provides only administrative and logistic support. The strong commitment of delegates (Heads of FIUs) to the ideals of the Forum will, no doubt, deepen regional cooperation between member FIUs; this will have a positive impact on the effective implementation of AML/CFT measures in the region and increase the number of member FIUs joining the Egmont Group in the near future.

Direct Financial Support to Member States

412. In response to pertinent requests from some member States during the year, GIABA provided direct financial assistance to Niger and Nigeria to support their AML/CFT programs. For Niger, GIABA provided financial support for the extension of the contract employment of a financial analyst engaged by the Niger FIU with the support of GIABA. Also, in order to strengthen the operational efficiency of the Nigerian Economic and Financial Crimes Commission (EFCC), particularly in the investigation and prosecution of ML/TF and other financial crimes, GIABA provided financial support to the EFCC with counterpart contribution based on the outcome of the evaluation of a detailed proposal the EFCC submitted to GIABA.
413. It is important to state that the engagement of a financial analyst at the Niger FIU significantly improved

the quality of analyses of STRs disseminated by that FIU and generally impacted positively on the operational efficiencies of the Unit. Similarly, analysis of an interim report submitted by the EFCC in September 2013 on the implementation of the grant indicated that the grant has had some positive impacts on the operations of the EFCC, especially in the investigation and prosecution of economic and financial crimes. For instance, statistics provided by the EFCC for January–August 2013 indicate about 303 prosecutions and 78 convictions, which is a great improvement compared to the 2012 figures of 177 and 80. Similarly, though no corresponding value of assets recovered for 2012 was provided, the EFCC reported appreciable values of assets recovered during the review period (N 6,583,108,350.00; US\$19,251,519.00; Euro 20,520 and £19,000). The EFCC attributed the successes to improvement in staff capacity as a result of the utilization of the grants provided by GIABA.

Capacity Enhancement Programs

414. In line with its work plan for 2013, drawn from the objectives of the 2011–2014 Strategic Plan, as well as emerging needs within the year, GIABA organized national and regional training programs for its member States. A total of about 855 officials from regulatory authorities, financial and non-financial institutions, the judiciary and law enforcement agencies and other competent authorities, as well as civil society organizations in member states, benefited from GIABA training programs in 2013. In particular, there were specific activities tailored to the needs of civil society organizations, the media and youth in view of the roles of these segments in the fight against ML/TF. The year saw an increased role in program execution for the GIABA Lagos Information Centre including advocacy and awareness-raising campaigns, particularly in the Anglophone countries.

415. The following capacity enhancement programs were undertaken by GIABA in 2013.

Technical assistance to the Republic of Ghana on drafting of an Executive Instrument (EI) for the effective implementation of freezing requirements under UNSCRs 1267, 1373, 1718, 1737, successor resolutions and other relevant resolutions. Accra, Ghana, January 2013

416. Following the decision of the International Cooperation Review Group/Regional Review Group (ICRG/RRG) of the FATF at the exit meeting held with the Ghanaian authorities on 18 January 2013, GIABA provided technical assistance to Ghana to review a draft Executive Instrument (EI) prepared by the Ghanaian authorities for the effective implementation of freezing requirements under FATF Special Recommendation III. The review was to ensure that the draft EI conforms to the full requirements of Special Recommendation III and to eliminate any inconsistencies between the EI and the Anti-Terrorism Act 2008 (Act 769), the Anti-Terrorism Regulations 2012 (L.I. 2181), E. I. s 8 and 19, and to address other outstanding pertinent issues raised by the RRG concerning EIs 8 and 9.

417. The draft EI was reviewed by the RRG before the FATF Plenary in February 2013, culminating in the subsequent removal of Ghana from the FATF's monitoring process under its ongoing global AML/CFT compliance process.

Joint GIABA/SCUML AML/CFT training for DNFBPs. Lagos, Nigeria, 11–13 February 2013

418. The Nigeria Special Control Unit against Money Laundering (SCUML) and GIABA organized a three-day workshop to enhance participants' knowledge of AML/CFT in order to help them to improve their compliance with AML/CFT legal provisions. In particular, the training aimed to enhance the capacity of the DNFBPs on meeting their statutory AML/CFT obligations, especially the preparation and submission STRs to the NFIU through SCUML.



Participants at the joint GIABA – SCUML AML/CFT Training workshop for DNFBPs held in Lagos, Nigeria, 11- 13 February 2013.

419. The workshop was attended by 183 participants from different bodies and sectors, including the Nigerian Bar Association, accountants, real estate agencies and agents, hotel and hospitality businesses, car/vehicle sellers, jewellery and luxury goods, casinos among others. Also in attendance at the program were 40 staff members of the EFCC.

GIABA, in collaboration with the BCEAO, organized a sensitization program on the revised FATF Standards for financial institutions in Guinea Bissau, 24 April 2013.

420. The main objective of the program was to create awareness of the revised FATF Standards and sensitize reporting entities on their obligations in establishing a robust AML-CFT regime in the country.

421. The program was attended by 55 participants from key stakeholder institutions, including the CENTIF, BCEAO, Ministry of Finance and financial institutions operating in the country.

422. Participants were sensitized on a wide range of issues relating to the revised FATF Standards, including their obligations during the second mutual evaluation of their country.

423. At the end of the program, participants reaffirmed their commitment to enhance cooperation and collaboration between national stakeholders in order to effectively address the deficiencies in their country's AML/CFT regime.

424. On the margins of the program, the staff of the Secretariat followed up on some outstanding issues with the FIU and also met with compliance officers of banks and discussed the need to establish a Chief Compliance Officers' Forum in the country.

National Workshop on Risk-Based Approach for Compliance Officers. Dakar, Senegal (22–24 May 2013) and Cotonou, Benin (17–19 July 2013)

425. GIABA organized two national RBA workshops in Dakar, Senegal and in Cotonou, Benin. The focus of the events was on Recommendation 1 of the revised FATF Standards which requires, among other things, that financial institutions deploy a risk-based approach in

their compliance practices. A total of about 71 compliance officers participated in the two events in Senegal (32) and Benin (41).

426. The events gave GIABA an opportunity to highlight the importance of the revised 2012 FATF Recommendations and the obligations of compliance officers of both financial and non-financial institutions in Senegal and Benin.

427. As the compliance officers are the custodians of risk assurance of the financial institutions, the onus lies on them to ensure that the obligations of the standards of applying appropriate AML/CFT measures, taking cognizance of national AML/CFT laws, are strictly adhered to.



428. A major outcome of the events is the claim by participants revealed by end-of-event evaluation that they had a better understanding of their obligations as these relate to FATF Recommendation 1, particularly their obligations with regard to applying a risk-based approach. The participants recommended the extension of the workshop to all member States and the need to form National Chief Compliance Officers Forums in all GIABA member States to give them a platform for information exchange and experience-sharing on AML/CFT issues.

National Capacity-Building Workshop on Economic And Financial Crime for Judges, Prosecutors and Law Enforcement Agencies. Accra, Ghana, 24–25 June 2013

429. At the request of the authorities of Ghana and in line with its strategic goals of the GIABA 2011–2014 Strategic Plan, GIABA organized a national capacity-building workshop for judges, investigators and prosecutors responsible for ML/TF cases in Ghana. The objectives of the workshop were to promote effective prosecution and adjudication of ML/TF cases, including the implementation of the freezing requirements of UNSCR 1267 and 1373, to enhance the prosecution of tax crime cases, and to promote cooperation and collaboration between institutions within the criminal justice system as provided for in the National Integrated Program to Fight Transnational Organized Crime and Strengthen the Criminal Justice System in Ghana, 2012–2016.

430. Participants were drawn from the judiciary (judges of Superior Courts, particularly those involved in cases of economic and financial crime), the Criminal Investigation Department of the Ghana Police Service (not below the rank of Chief Superintendent), the Attorney-General's Department (not below the rank of Principal State Attorney) and the Economic and Organised Crime Office.

431. The broad themes covered during the workshop included: ML/TF; overview of FATF Standards on Money Laundering and Financing of Terrorism; overview of the Anti-Money Laundering Act of Ghana and the role of the FIC; the nexus between corruption and ML; prosecuting tax-related ML cases; and strategies for prosecuting and adjudicating economic and financial crimes.

432. The workshop delivery involved a practical simulation exercise where participants prepared a docket/charge sheet on a fictional ML case, which gave participants the opportunity to have a clearer understanding the complexity of ML/TF cases. Discussions mainly focused on technical and operational issues relating to ML/TF, particularly the low level of convictions of perpetrators of the crimes, and the freezing, seizing and confiscation of related proceeds and instrumentalities. Participants agreed that stakeholders in the criminal justice system should share responsibility for the low level of ML convictions in the country. They therefore committed to cooperate in implementing measures to ensure that convictions and confiscations are secured on ML cases.

Regional Capacity-Building Seminar on Corruption, Money Laundering and Terrorist Financing for Judges. Accra, Ghana, 22–26 July 2013

433. GIABA organized a regional capacity-building seminar for judges on adjudication of cases of corruption, money laundering and terrorist financing. The objective of the seminar was to foster experience sharing among counterparts in the West African region and to promote better understanding of the international legislative and institutional frameworks related to adjudication of cases of corruption, money laundering and terrorist financing.



434. Participants at the workshop noted that corruption, as the most common and prevalent predicate offence in West Africa, is adversely affecting the region. Participants commended GIABA for its efforts in fighting ML/TF in West Africa and asked GIABA to consider focusing more on fighting corruption in the region, including adopting a template to assess member States' level of implementation of anti-corruption measures.

National AML-CFT Sensitization Workshop for DNFbps. Ouagadougou, Burkina Faso, 30-31 July 2013

435. In consideration of the observed deficiencies identified during the first cycle of the mutual evaluation of member States, DNFbps in member States have been identified as the weakest link in the AML-CFT regime. In addition, most member States of the GIABA countries were either non-compliant or partially compliant with regard to the relevant FATF Recommendations dealing with DNFbps.

436. GIABA, at the request of and in collaboration with the FIU of Burkina Faso, organized this sensitization workshop in Ouagadougou, Burkina Faso, for the DNFbps. The event allowed GIABA to raise the awareness of participants and strengthen their commitment to the fight against ML/TF in their respective areas of operations.



*Participants at National AML/CFT sensitization workshop for DNFBPs.
Ouagadougou, Burkina Faso, 30-31 July 2013*

437. This event is the fifth of its kind, following those organized in Liberia, Senegal, Nigeria and Niger.

438. Thirty-two participants took part in the event in Burkina Faso, comprising lawyers, notaries, accountants, real estate agents/agencies and officials from gaming institutions and the Ministry of Commerce of Burkina Faso.

439. At the end of the two-day event, a communiqué was issued by the participants calling on GIABA to extend this technical assistance to other member States in view of the vulnerability of the DNFBPs to the risk of ML/TF.

Regional Workshop for GIABA Member States on National ML/TF Risk Assessment. Saly, Senegal, 12-14 August 2013

440. Having recognized the challenges of implementing the 40+9 Recommendations, and the need to foster greater progress towards AML/CFT, especially within low-capacity jurisdictions, the FATF, in collaboration with its partners, revised the Recommendations in February 2012. A prominent feature of the new Recommendations is the National Risk Assessment and Risk-Based Approach (to AML/CFT). Specifically, the new Recommendation 1 encourages countries to assess their ML/TF risks and also apply the RBA.

441. In line with its mandate to support its member States to develop effective strategies against ML/TF and to comply with the FATF Recommendations, a three-day Regional Workshop on National ML/TF Risk Assessment was organized for GIABA member States in Saly, Senegal. The workshop was aimed at building the capacities of the relevant stakeholders to conduct ML/TF risk assessment within their respective jurisdictions by sensitizing them on the FATF requirements and exposing them to the existing frameworks for conducting risk assessment.
442. The workshop was attended by about 80 participants drawn from regulatory, supervisory, enforcement and other relevant institutions from GIABA member States.
443. Following the presentations, panel discussions and participants' contributions, participants made the following observations:
- 1) National ML/TF risk assessment is crucial to bolstering compliance with international AML/CFT standards, in view of the new framework of the risk-based approach;
 - 2) The highest political will and commitment is required for the conduct of national risk assessment (NRA) in member States;
 - 3) Sharing and adapting international experiences/tools on the conduct of national AML/CFT risk assessment would help member States to learn important lessons and facilitate their own NRA processes;
 - 4) Participants noted the availability of tools for the conduct of NRA provided by the World Bank, IMF and UNODC, and can adopt any of the models that they consider appropriate;
 - 5) Learning from the experiences of non-GIABA jurisdictions in conducting NRA is vital in facilitating the NRA process in GIABA member States – particularly experiences from Malawi, Namibia and Kenya. Experiences from these countries would be very useful to the process in GIABA member States, given the cultural similarities;
 - 6) Under the technical assistance framework of GIABA, member States are expected to approach GIABA and express their technical assistance needs. GIABA would then work with the member States and mobilize other international support to provide the technical assistance according to assessed need;
- 7) A major challenge to NRA in the region is the lack of reliable data on ML/TF; and
- 8) National and regional coordination and collaboration between stakeholder agencies such as financial sector regulators, law enforcement agencies, FIUs and financial institutions are essential and should be strengthened for a more coordinated approach to conducting NRA.
444. Based on the above observations and recognizing the centrality of conducting national risk assessment to successful implementation of the FATF Recommendations and for building an effective AML/CFT regime, participants recommend as follows, that:
- a) National stakeholders, with support from GIABA, should secure the highest political commitment and support in member States before the start of the NRA exercise;
 - b) Member States should ensure the commitment of relevant national stakeholders to secure their buy-in before conducting NRA. This includes sensitization of policy-makers to recognize that NRA is a self-assessment process;
 - c) GIABA should mobilize the support of critical stakeholders in planning and conducting the NRA in its member States;
 - d) GIABA, in collaboration with member States, should initiate a systematic approach to national ML/TF data collection, storage, sharing and analysis on ML/TF risks and the vulnerabilities of their national AML/CFT regimes;
 - e) GIABA, in collaboration with development partners and member States, should organize train-the-trainers programs in order to strengthen capacity at national levels to conduct NRA; and
 - f) GIABA should facilitate international technical assistance for NRA exercises in member States.

GIABA REGIONAL WORKSHOP ON AML / CFT REQUIREMENTS FOR PROFESSIONAL BODIES [ACCOUNTANTS] [ANGLOPHONE]



Participants at the regional workshop on AML/CFT requirements for professional bodies (Accountants; Anglophone). Banjul, The Gambia. September 11-12, 2013.

GIABA Regional Training for Financial and Regulatory Institutions on the Revised FATF Recommendations. Lagos, Nigeria, 28-29 August 2013

445. The main objective of this training workshop was to expose relevant personnel of financial institutions and regulatory authorities in the Anglophone GIABA member States to the revised FATF Recommendations and their obligations. The workshop was attended by about 175 participants comprising managing directors/CEOs, chief compliance officers of financial institutions, and senior officials of regulatory authorities responsible for decision-making and policy matters on AML/CFT compliance in their respective institutions.
446. In the communiqué issued at the end of the program, participants recommended that GIABA should do the following: intensify its advocacy missions in the region to raise awareness of the need to solicit political support to implement robust AML/CFT regimes there; improve cooperation and collaboration between stakeholder institutions, especially regulatory authorities and financial institutions; provide adequate resources to AML/CFT institutions across the region; improve capacity and understanding of the issues; conduct ML/TF risk assessment by financial institutions; encourage the creation of or access

to a database of politically exposed persons; and improve reporting of suspicious transactions by financial institutions.

Regional AML/CFT Workshop for Accountants. Banjul, The Gambia, 11–12 September 2013

447. GIABA organized a Regional Training workshop on AML/CFT for accountants in English-speaking member States in Banjul, the Gambia. The main objective of the workshop was to raise the awareness of professional accountants on the revised FATF Recommendations in order for them to meet their obligations as required by the Standards.
448. Fifty-three participants attended the program, including executive personnel of accounting firms and accounting bodies, as well as professional accountants from public and private sectors.
449. A major outcome of the workshop is that participants agreed on the need to deepen implementation of AML/CFT measures in the region, particularly within the accounting profession. Among other things, the participants recommended:
- a) Establishment and/or strengthening of regulatory authorities for DNFBPs;

- b) Improvement of oversight functions of the accounting profession by accounting bodies and relevant regulatory authorities for enhanced compliance with ethical values and AML/CFT standards;
- c) Incorporation of AML/CFT training into the curriculum for qualification and continuous professional development programs of accounting bodies;
- d) Establishment and/or strengthening of AML/CFT units in accounting bodies to coordinate the implementation of AML/CFT standards and serve as liaison with competent authorities;
- e) Provision of guidance on ML/TF risk assessment to professional accountants and other DNFBPs in order to assist them in conducting ML/TF risk assessment.

National Training Workshop on Detecting and Investigating Money Laundering and Financial Crimes for Law Enforcement Agencies. Freetown, Sierra Leone, 23–26 September 2013.

450. GIABA organized a National Training Workshop on Detecting and Investigating Money Laundering and Financial Crimes for law enforcement agencies in Freetown, Sierra Leone. The main objectives of the workshop were to build the capacity of investigators to detect and investigate economic and financial crimes, including the use of a wide range of investigative techniques, and to sensitize them on the revised FATF Recommendations.
451. The workshop was attended by 60 participants, comprising directors of investigation units, senior and mid-level investigators, intelligence officers, revenue collectors and relevant police officers, customs, immigration service, and the anti-corruption and national security service officials who are responsible for investigating money laundering and related crimes.
452. The workshop focused on the use of modern techniques for investigating economic and financial crimes, using group exercises on fictional cases. There were also panel discussions and experience-sharing sessions. The

participants observed that a significant number of the investigators in Sierra Leone lacked any basic understanding of money laundering and financial crimes, and the use of appropriate investigative techniques.

453. One of the pertinent recommendations arising from the workshop was for GIABA to provide capacity-building in modern investigative techniques for personnel of law enforcement agencies in Sierra Leone and other member States. The aim was to assist in improving the effectiveness of the AML/CFT regimes of these States, in particular to increase the number of investigations, prosecutions and convictions of cases relating to ML/TF and the confiscation of proceeds of transnational organized criminal activities.

Stakeholders' Workshop for the Development of a National AML/CFT Strategy for Cabo Verde. Praia, Cabo Verde, 25–27 November 2013

454. In 2010, GIABA supported Cabo Verde to develop a three-year national AML/CFT Strategy, which comes to an end in December 2013. Based on that Strategy, Cabo Verde, with the assistance of GIABA and other development partners, has improved its AML/CFT regime. Some of the achievements include the passage of a CFT law, restructuring of the FIU, appointment of a new Director of the FIU, and installation of AML/CFT analytical software.
455. Following the expiration of the 2010–2013 national Strategy, and the emergence of significant events and challenges in the AML/CFT regime of the country as evidenced by the Non-Compliant rating of Cabo Verde in 21 of the 40 Recommendations and in eight of the nine Special Recommendations, the country requested the assistance of GIABA to review and develop another national AML/CFT Strategy.
456. In response, GIABA organized a three-day Stakeholders Workshop for the Development of a National AML/CFT Strategy for Cabo Verde in Praia. The workshop brought together about 30 officials of AML/CFT

stakeholders institutions such as reporting entities, regulatory, supervisory, enforcement, and judicial institutions, the civil society, and the media. The overall objectives of the workshop were to:

- a) Identify ML/TF risks in Cabo Verde, so as to identify priority areas and develop a framework for mitigating these risks;
 - b) Articulate Cabo Verde's strategies in combating ML/TF, including the investigation and prosecution of ML/TF offences; and
 - c) Identify relevant AML/CFT stakeholders and partners and assign roles and responsibilities accordingly for the fight against ML/TF.
457. A draft national strategy has been developed by Cabo Verde and will be reviewed by external stakeholders, including GIABA, in order to strengthen the document before final consideration and approval by the authorities of Cabo Verde. In the meantime, Cabo Verde and GIABA have developed a timeline for the adoption and start of the implementation of the Strategy in 2014.

Regional Workshop on Prosecuting Economic and Financial Crimes and Asset Recovery. Dakar, Senegal, 2-6 December 2013.

458. GIABA organized a Regional Workshop on Prosecuting Economic and Financial Crimes and Asset Recovery in Dakar, Senegal. The workshop sought to address the critical challenges that investigators, prosecutors and judges encounter when dealing with matters relating to organized crime, in particular money laundering and the recovery and management of proceeds of crime. The workshop combined two regional programs: a Regional Workshop on Asset Recovery and a Regional Workshop on Prosecuting Economic and Financial Crimes.
459. The workshop was attended by about 60 officials from GIABA member States cutting across the Superior Courts, law enforcement agencies, FIUs and other AML/CFT stakeholder institutions in ECOWAS member States. The workshop was facilitated by a high-profile international faculty drawn from best-

practice institutions including the Cambridge Symposium, UK; International Centre for Asset Recovery, Basel, Switzerland; Berwin Lighton Paiser LLP, London UK; EFCC Nigeria; the GIABA Secretariat and other regional agencies from Cabo Verde, Côte d'Ivoire, the Gambia, Ghana, Nigeria and Senegal.

460. Broad themes covered at the workshop included ML/TF case studies and typologies; the revised FATF Standards; key issues and implications; prosecuting ML cases: predicate offences, controlled delivery, interception of communication, covert operations, Mens Rea, Actus Reus and evidentiary rules; seizing, freezing and other provisional measures, including monitoring and production orders; strengthening domestic cooperation between competent authorities; and international cooperation in asset recovery: mutual legal assistance, informal networks and other means of cooperation.
461. Participants observed that although ECOWAS member States have committed to fight against economic and financial crime, including the recovery of proceeds of crime and stolen assets, through the signing, ratification and domestication of international conventions, the establishment of GIABA, the endorsement of the FATF Recommendations against ML/TF, the adoption of legal frameworks and establishment of relevant institutions. There is a persistent low level of political will to prosecute economic and financial crimes effectively or recover the proceeds of crime and stolen assets. It was also observed that a significant number of judicial officers and other criminal justice officials have limited understanding of the elements of the offence of money laundering. This is particularly apparent when investigating or prosecuting stand-alone ML cases. Also observed was that some prosecutors do not adequately prepare their cases, thus resulting in the cases being dismissed by the courts.
462. While recognizing the importance of cooperation and coordination between national stakeholders, participants noted that although some efforts are being made, including the establishment of Inter-Ministerial Committees and law enforcement coordinating platforms, provision of cooperation and coordination requirements in legal frameworks and the signing of

MoUs, the absence of cooperation and coordination remains a significant hurdle at the domestic level, particularly between prosecutors and investigators.

463. Other observations made included delays in receiving responses to MLA requests made to foreign jurisdictions; inadequate protection for the fundamental rights of individuals with regard to measures for confiscation of property without a criminal conviction as required by Article 54 of the United Nations Convention against Corruption (UNCAC); a lack of proper enforcement of national and foreign confiscation orders, as well as the absence of a framework/mechanisms for the management of recovered assets; a lack of personal commitment and limited capacity on the part of some investigators and prosecutors to pursue economic and financial crime cases; stakeholder corruption; the lack of a witness protection regime to shield relevant witnesses from intimidation by organized criminals, including highly placed influential persons and other aggrieved persons who may have a widespread network of influence.
464. Based on these observations, participants recommended that GABA should make efforts to encourage the political elite through sustained engagement and high-level advocacy in all member States. Member States also ought to provide AML/CFT stakeholders with adequate resources to ensure effective performance of their functions. Participants also recommended that there should be an increased engagement with stakeholders at the operational level to ensure that AML/CFT stakeholders genuinely understand the negative effects of money laundering and other economic crimes and act proactively to combat these crimes. There is also a need for adequate training for prosecutors, investigators and judges on AML/CFT issues, and the establishment of a regional database of cases and precedents to facilitate the adjudication of cases on economic and financial crimes. The workshop also sought to strengthen mechanisms for AML/CFT coordination and cooperation between national institutions, and the establishment of adequate protection mechanisms to ensure effective cooperation of witnesses at ML/TF cases.

National Training Workshop on Financial Intelligence Analysis. Praia, Cabo Verde, 16-18 December 2013

465. The FIUs Status Report presented by GIABA at the meeting of the FIU Forum held during the November 2013 Plenary revealed a wide disparity between STRs received and intelligence disseminated to competent authorities by FIUs in most member States. This has been attributed to several factors, including the weak human capacity for effective analysis in many of the FIUs. In the light of this development, GIABA undertook to provide training in financial intelligence analysis for the FIUs of member States. Cabo Verde benefited from this initiative. The training designed for financial analysts of the FIU, the Judiciary Police and the Asset Recovery Unit of the Ministry of Justice was aimed at analysing financial information, gathering information/intelligence and analysing STRs.
466. The overall objectives of the training program were to:
1. Improve the skills of participants for analysing financial disclosures, especially STRs, for the purpose of establishing the offence of ML/TF;
 2. Expose participants to current analytical techniques/best practices in financial analysis;
 3. Improve the quality and quantity of financial intelligence analysed and disseminated; and
 4. Generate high-quality financial intelligence reports.
467. The main outcomes of the event were that participants had a better and clearer understanding of:
1. The core functions of an FIU as it relates to financial intelligence analysis;
 2. Intelligence-gathering and analysis;
 3. Producing adequate intelligence from a STR; and
 4. Financial intelligence report writing.
468. Participants at the training workshop affirmed that the training will positively affect the analysis of STRs by the FIU, resulting in the dissemination of appropriate intelligence to the relevant competent authorities.

TABLE 5.1: GIABA contribution to capacity-building in WA member States

MEMBER STATE	YEAR			TOTAL
	2011	2012	2013	
BENIN	39	34	63	136
BURKINA FASO	63	45	58	166
CABO VERDE	20	29	32	81
CÔTE D'IVOIRE	61	128	35	224
THE GAMBIA	38	50	92	180
GHANA	278	191	511	980
GUINEA	25	166	16	207
GUINEA BISSAU	100	18	230	348
LIBERIA	28	124	49	201
MALI	56	29	25	110
NIGER	38	141	22	201
NIGERIA	353	1021	1048	2422
SÃO TOMÉ AND PRÍNCIPE		45	10	55
SENEGAL	223	116	73	412
SIERRA LEONE	97	19	273	389
TOGO	52	44	27	123
OTHER INSTITUTIONS	135	210	252	597
TOTAL	1606	2410	2816	6832

FIGURE 5.1: Participation by Country, 2011–2013

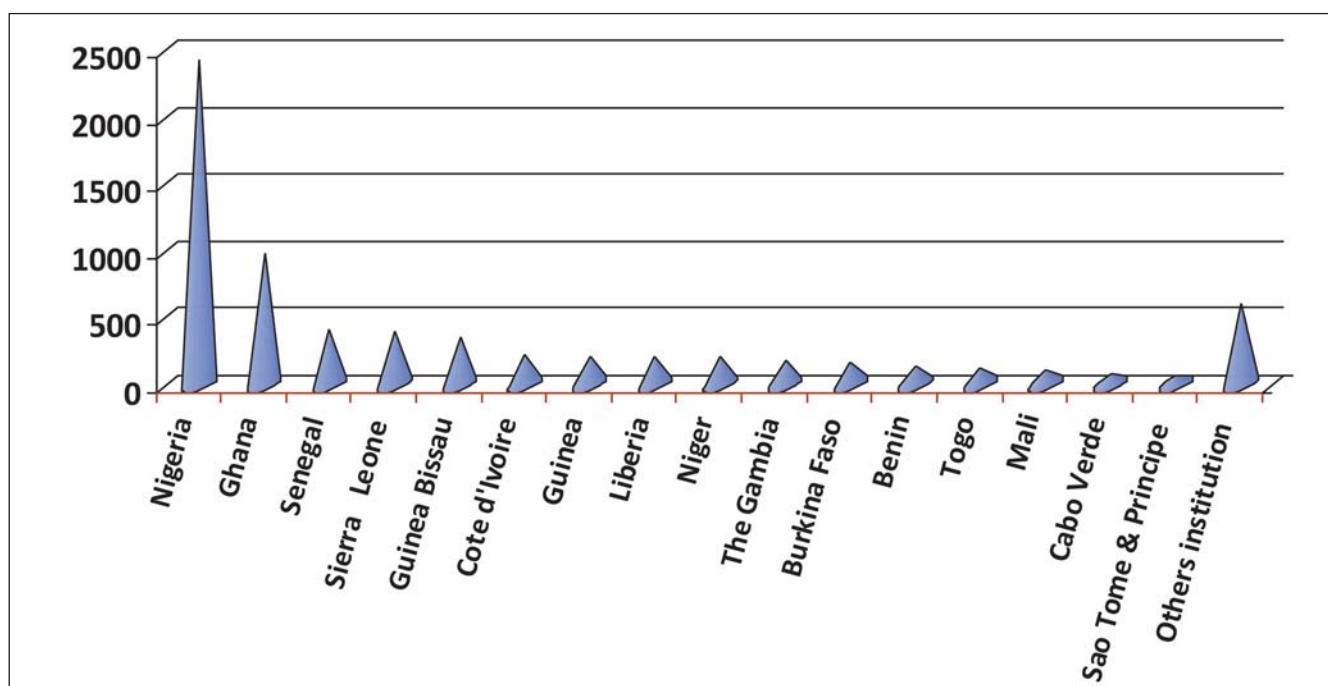
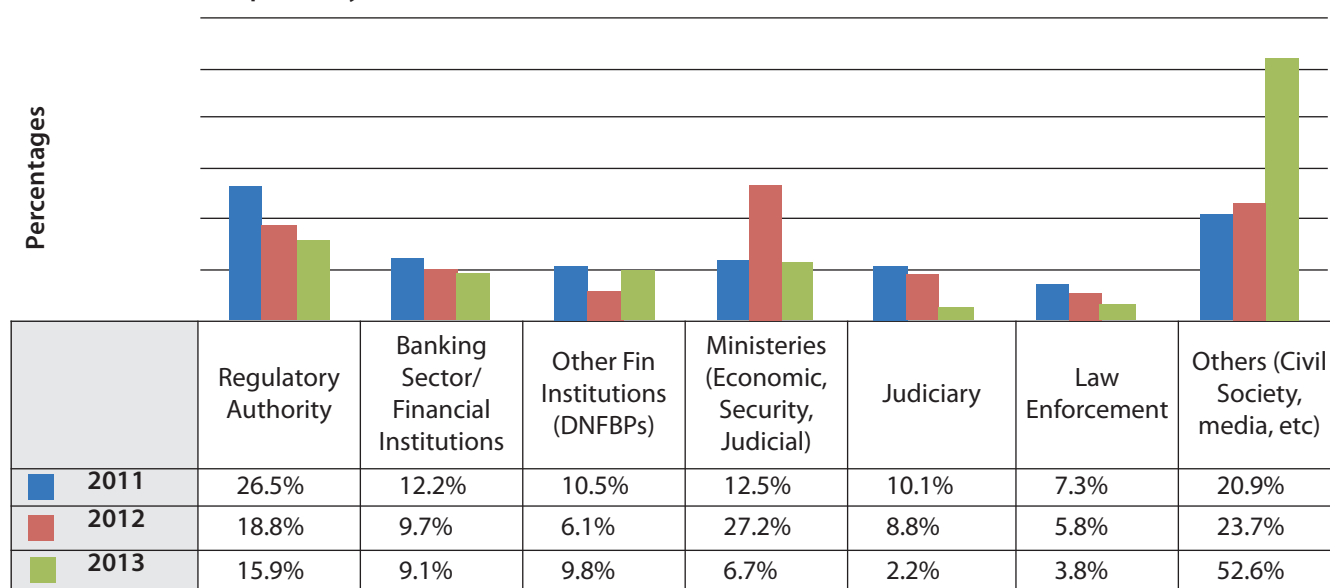
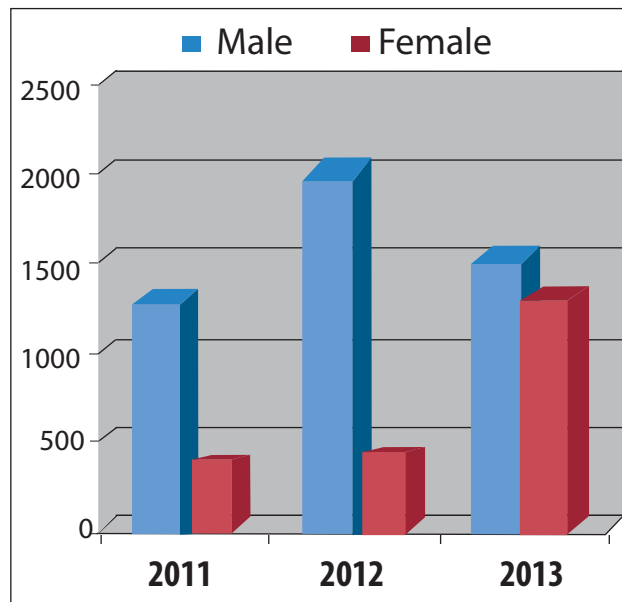


TABLE 5.2: Participation by Sector

SECTOR	YEAR			TOTAL
	2011	2012	2013	
Regulatory Authority	426	452	447	1 325
Banking Sector/Financial Institutions	196	233	255	684
Other Financial Institutions (DNFBPs)	168	148	276	592
Ministries (Economic, Security, Judicial)	200	656	190	1 046
Judiciary	163	211	61	435
Law Enforcement	117	139	106	362
Others (Civil Society, Media, etc)	336	571	1 481	2 388
Total	1 606	2 410	2 816	6 832

TABLE 5.3: Participation by sector**Table 5.4:** Participation by Gender, 2011–2013

GENDER	YEAR			TOTAL
	2011	2012	2013	
Male	1,273	2,017	1,52	4,81
Female	333	393	1,296	22
TOTAL	1,606	2,41	2,816	6,832

Figure 5.2: Participation by gender, 2011–2013

Conclusion

469. As may be observed from these statistical presentations, there has been an annual increase in the technical assistance provided by GIABA to its member States within the implementation period of its 2011–2014 Strategic Plan. Technical assistance has been demand-driven, with a particular focus on the key priorities of each member State. Regional activities were also carried out based on common issues that affect all the member States. GIABA, as a regional focal point on AML/CFT issues, has expanded collaboration and engagements with non-primary AML/CFT stakeholders, particularly the media and civil society organizations as awareness-raising platforms in order to ensure concerted action in the fight against ML/TF.

470. As observed in the report of the independent evaluation of the implementation of the GIABA 2007–2009 Strategic Plan, GIABA cannot be everything to all its member States, and it can only make limited contributions to AML/CFT efforts in the region as compared to the enormous demand. The bulk of the work lies with the member States. Therefore, there is the need for member States to complement the efforts of GIABA and commit more resources to AML/CFT. This is necessary in order to sustain both national and regional efforts.

CHAPTER SIX:

Advocacy and Civil Society Outreach



GIABA delegation led by its Director General during an advocacy mission to Sierra Leone on 22 and 23 January, 2013.

471. A major strategic program area in the GIABA 2011–2014 Strategic Plan is advocacy and mobilization of stakeholders against ML/TF. The focus of this strategic program area is the promotion of partnership with major AML/CFT actors (decision-makers, decision-influencers and decision-implementers). Following the increase in sensitization, advocacy activities and the higher level of engagements with political authorities and civil society organizations in 2012, this chapter of the Annual Report was carved out of the previous chapter in order to provide a detailed account of the contributions of the SPA to the overall mandate of GIABA.

472. In 2013, GIABA expanded its outreach activities, cutting across all strata of the society – women groups, youth, NGOs, the media, and religious leaders. GIABA achieved this objective through the deployment of a basket of special-purpose events such as high-level advocacy missions, sensitization forums, open house forums, debate series, media briefing, billboard display of AML/CFT

messages, electronic broadcast of AML/CFT messages, and branding of promotional items. In addition, GIABA has supported the formation of a network of journalists against money laundering and financial crimes in the region.

473. The GIABA Secretariat, led by the Director General, Dr Abdullahi Shehu, embarked on several advocacy missions to member States to engage the political authorities at the highest level. Within the context of this SPA, and complementing the efforts of Headquarters, the GIABA AML/CFT Lagos Information Centre, acting as an ombudsman for propagating AML/CFT messages in the Anglophone member States, undertook various outreach activities beyond the urban areas to the hinterlands of the member States, thereby reaching out to more citizens of the region and creating mass awareness through the media. GIABA is delighted to report that these events have propelled increased political commitment for the implementation of robust AML/CFT regimes in the region. It is expected that with

the coming into full operation of the GIABA Information Centre in Abidjan in 2014, the tempo of advocacy and mobilization will become faster in the coming years.

High-Level Advocacy Missions

Advocacy mission to Sierra Leone, 22–23 January 2013

474. In line with the decision made at the November 2012 Plenary, a GIABA delegation led by its Director General undertook an advocacy mission to Sierra Leone on 22 and 23 January, 2013. The GIABA delegation met with His Excellency Mr Ernest Bai Koroma, the President of Sierra Leone, and the three GIABA line Ministers of Justice, Finance and Interior. GIABA used the opportunity to advocate for greater political commitment by Sierra Leone in addressing the identified strategic deficiencies in the country's AML/CFT system. In particular, GIABA pointed out the specific steps the country should take in order to improve its AML/CFT regime. A major outcome of the advocacy visit was the appointment of a substantial Director for the FIU, the provision of secure

office accommodation for the FIU and recruitment of a number of staff.

DG's awareness visit to Nigerian Embassy in Ghana, 6 May 2013

475. GIABA has continued to relate with the diplomatic community of West Africa, sharing AML/CFT messages in the spirit of ECOWAS community integration. In the margins of the GIABA Plenary in Accra Ghana in May 2013, the Director General paid a working visit to the Nigerian Ambassador to Ghana. The purpose of the visit was to acquaint the Ambassador and his team with the operations of GIABA and the need to mobilize the entire ECOWAS community to join in the fight against ML/TF. The DG used the opportunity to enlighten the Ambassador and his team on the AML/CFT situation in GIABA member States and enlisted the support of the Ambassador and the Embassy in mobilizing citizens to advocate to authorities the need for collective effort in countering ML/TF. The Ambassador in turn provided an overview of the work of the Embassy in Ghana and pledged the support of the embassy in promoting and galvanizing needed support for the realization of GIABA's mandate.



In the Middle; Dr. Abdullahi Shehu DG, GIABA, by is left, His Excellency Ambassador Ademola O. Onafowokan, Nigerian High Commissioner to Ghana Joined by Mr. Tim Melaye of GIABA at extreme left, and two other staff of the Embassy. During DG's visit to the High Commission in Accra. May 6, 2013.



Cross Section of Participants at the Sensitization Seminar for Women and School girls, Lagos, Nigeria, February 13, 2013.

Working visit to the Embassy of Switzerland in Abuja, 12 June 2013

476. The Director General of GIABA paid a working visit to the Swiss Embassy in Abuja and met with the Swiss Ambassador to Nigeria, His Excellency Mr Hans-Rudolf Hodel. During the meeting, the DG acknowledged with gratitude the support by the Swiss Government to GIABA in the delivery of technical assistance to its member States. The highlights of the issues discussed at the meeting included:

- a) The need for GIABA and the Swiss Government to sustain their collaboration towards upcoming events, in view of the commendable and successful partnership they had in 2012;
- b) The Swiss–GIABA partnership in the delivery of other capacity-building activities particularly on:
 - c) Cash based and non-cash-based economies; and
 - d) Improving the capacity of relevant agencies to monitor cross-border movement of persons, cash and goods.

477. The result of this collaboration was the organization of the joint GIABA–Switzerland training for DNFBPs and regulatory officials of North and West African law enforcement officials on 26–28 November 2013, in Abuja, Nigeria.

Sensitization and Mobilization of Civil Society

Sensitization Seminar for Women and Schoolgirls on the Negative Effects of AML/CFT Predicate Offences. Lagos, Nigeria, 13 February 2013

478. In pursuit of its mandate of raising awareness in the civil society, GIABA Lagos Information Centre delivered a lead paper on ‘Challenges facing Women associated with predicate offences of money laundering and the negative effects on the girl child’, at an event organized to mark the ‘International Day of Zero Tolerance for Female Genital Mutilation.’ The event was organized by SmartSolutions Consultants Nigeria, a civil society organization and women’s advocacy group.

479. GIABA’s presentation focused on the link between female genital mutilation and child trafficking and money laundering. The audience, which numbered about 150, comprised mainly women – members of the National Council of Women Societies in Nigeria – and secondary school girls, with the Executive Chairman and staff of Surulere Local Government of Lagos also in attendance.

480. The event was an opportunity to raise awareness on the negative effects of ML/TF in the region, and to enlist the support of women and schoolgirls in combating these crimes. Copies of GIABA publications were made available to the participants for raising awareness and sharing knowledge.

481. The immediate outcomes of the program to GIABA include:

- 1) The extension of the catchment audience to schoolgirls and women who are considered vulnerable to trafficking and other forms of exploitation, especially the generation of illicit proceeds; and
- 2) The increased visibility of GIABA as a regional champion in the fight against ML/TF.

AML/CFT Sensitization Program for Religious Leaders. Lagos, Nigeria, 10 May 2013

482. In line with its Communication Strategy of incorporating non-state actors in the fight against ML/TF, in 2013 GIABA conducted a sensitization program for Muslim youth. The event was part of GIABA's efforts to integrate religious groups into the fight against ML/TF following evidence from typologies reports that religious bodies and their platforms, especially the religious NPOs, have been channels for laundering the proceeds of crimes and the funding of terrorists and their activities.

483. Also in 2013, GIABA participated in a Security Awareness Conference for church leaders in Lagos, Nigeria. The conference, organized by the Pricelife Security Consultants with support from New World Bible Ministries, provided a platform for GIABA to speak to religious leaders on AML/CFT issues and the vulnerability of churches and church bodies to ML and TF and on the obligations of religious NPOs to submit STRs to the designated authority.

484. The event was attended by 50 Christian religious leaders. The delegates reiterated the need to organize this type of awareness-raising seminar on a larger scale, considering the volume of funds moving within the religious institutions and their affiliates.

GIABA participation in the Radio Netherlands Worldwide and University of Ibadan Awareness-Raising on Corruption and Money Laundering among University Students. Ibadan, Nigeria, 26 June 2013

485. GIABA participated in a Discussion Forum on 'Ending Corruption in Nigeria: What Can Naija (Nigerian) Youths Do?' organized by the Department of Communication and Language Arts of the University of Ibadan, Nigeria, in partnership with Radio Netherlands Worldwide. The forum was attended by about 380 participants (80 participants on-site, and 300 participants online). It enabled GIABA to acquaint students with GIABA mandates and activities, and to enlist their support in the fight against ML/TF and associated crimes.

486. GIABA presented talking points on fighting corruption, and called for attitudinal change on corruption, noting that the bane of anti-corruption efforts has been the high regard that corrupt officials are accorded in the society.

487. One important outcome of the event is the orientation of youth, especially students of tertiary institutions, on the need to shun the idea of 'wealth without work' and to stop the idolization and exaltation of persons who are known to have enriched themselves through corruption. The students were admonished to serve as formidable advocates of good governance. The engagement increased the visibility of GIABA among the students, and also helped to expand its collaboration and partnership with academia on AML/CFT issues.

Annual Briefing Session for ECOWAS Ambassadors and Development Partners. Dakar, Senegal, 11 July 2013

488. GIABA organized the fourth edition of the Annual Briefing Session for ECOWAS Ambassadors and Development Partners resident in Senegal in Dakar. The annual briefing session is organized in line with the

directive of the Authority of Heads of States and Government at its 38th Summit held in Sal, Cabo Verde, on 2 July 2010, that ECOWAS institutions should hold regular information-sharing sessions with resident ambassadors to brief them on their activities. The objective of the session was to update the ambassadors and development partners on current ML/TF issues and to seek for political commitment from member States in AML/CFT efforts in their respective countries.

489. At the session, the Director General of GIABA highlighted the achievements of the institution in the implementation of its mandate. These include the support for countries to develop national strategies for combating ML/TF, review and enhancement of legislation, and capacity-building of competent authorities. The Director General called for increased political commitment by member States to AML/CFT.

490. In his speech at the Session, the dean of ECOWAS ambassadors in Senegal, His Excellency Ambassador Hippolyte Ouedraogo of the Republic of Burkina Faso, congratulated GIABA for its consistency in organizing the annual briefing sessions. He reaffirmed the commitment of the ECOWAS ambassadors to support GIABA in achieving its mandate.

491. The Ambassador of the Federal Republic of Nigeria to the Republic of Senegal, Her Excellency Mrs Katyen Jackden, and the Ambassador of the Republic of Ghana to the Republic of Senegal, His Excellency Mr Yacubu Abdullahi, also congratulated GIABA for its spirited efforts, especially in the removal of Nigeria and Ghana from the FATF review process. They expressed their readiness to partner with GIABA in the implementation of its mandate. Development partners also pledged their continued commitment to collaborate with GIABA.



Ambassadors and Consuls of ECOWAS Member States and development partners during the 4th briefing session for ECOWAS Ambassadors organised by GIABA in Dakar, Senegal, July 11, 2013.



Media executives of ECOWAS member States at the interactive session organised by GIABA in Dakar, Senegal, 11 – 12 July, 2013,.

Fourth Interactive Session with Media Executives in West Africa and World Press Conference. Dakar, Senegal, 11–12 July 2013

492. GIABA has continued to engage the media as a valuable partner in the execution of its mandate. Since 2010, GIABA has been organizing trainings and awareness programs for the media including the interactive sessions for media executives in West Africa and World Press conferences, and these have become annual events. In 2013, GIABA hosted the annual interactive session and World Press conference with media executives in Dakar. The event was part of continuous professional capacity enhancement training for journalists on AML/CFT reporting. The encounter with the media provided an opportunity to highlight the activities of GIABA with regard to the delivery of its

mandate of supporting its member States to combat ML/TF. As in the past editions, the conference was used to formally launch the GIABA 2012 Annual Report.

493. About 29 media executives from ECOWAS member States participated in the event. At the end of the event, the media executives pledged their commitment to give priority to combating ML/TF and their predicate offences in West Africa. The session further enhanced GIABA's relationship with the media. GIABA will endeavour to sustain its collaboration with the media in view of the increase in GIABA's visibility arising from such relationship.

494. The participating journalists reaffirmed their commitment to improving the level of reporting on AML/CFT issues, engaging in investigative journalism and sharing information among themselves.

Awareness-Raising on the Effects of ML/TF On Youth

495. According to the International Labour Organization 'The weakening of the global financial systems in 2012 and 2013 has further aggravated the youth jobs crisis and the queues for available jobs have become longer and longer for some unfortunate young jobseekers.'²²⁰ This situation may serve as a driver for criminal networks to target the 'generation at risk' to increase their involvement in international organized crime.
496. Taking this vulnerability of youth into account, and in line with ECOWAS Vision 2012, GIABA is fully committed to protecting the youth of the West African region against transnational criminal networks and protecting the region from being used as a safe haven for recruiting youth into criminal activities.
497. Thus, in line with one of the objectives in its 2011–2014 Strategic Plan and its Communication Strategy, GIABA had intensified its awareness-raising activities during the year under review, with the following activities targeted at youth.

Open House Forums

498. In an effort to maximize the benefits of awareness-raising programs as windows for bringing about changes in social attitude and behaviour to ML/TF, GIABA has institutionalized the organization of the Open House Forum in its member States. The Forum, launched in 2009 as a flagship advocacy program, provides a platform for GIABA to educate youth on the deleterious effects of ML/TF in West Africa and the efforts being made to combat these crimes. GIABA is using this forum to improve collaboration with youth as worthy partners in the fight against ML/TF in the region.
499. In response to the request by ministers at the GIABA Ministerial Committee Meeting held in May 2012 in Abidjan, Côte d'Ivoire, GIABA organized the following two open house forums in two member States in 2013 instead of one as in the previous years.

Open House Forum for Youth. Bissau, Guinea Bissau, 28 March 2013

500. The sixth edition of Open House Forum for Youth was held in Bissau, Guinea Bissau, with the following objectives:



Participants to the 5th Forum for Youth held in Bissau, Guinea Bissau, 28 March 2013.

²²⁰ Global Employment Trends for Youth 2013, A generation at risk.



Participants at the seventh edition of the Open House Forum for Youths in Freetown, Republic of Sierra Leone.

- a) Mobilizing youth against money laundering, financing of terrorism and illicit trafficking of drugs by advocating positive and lasting mindsets, attitudinal, behaviour and belief changes; and
 - b) Enabling youth to nurture and undertake advocacy ideals for disseminating messages on AML/CFT issues to their peers and to decision-makers and policy-makers, so that they in turn influence the development of good policies.
501. The Prime Minister of the Republic of Guinea Bissau chaired the opening ceremony. During it he remarked that ‘our presence in the Open House is evidence that we seek to engage all stakeholders to consolidate good governance. Youth, who are the leaders of tomorrow, are potentially vulnerable to money laundering and the financing of terrorism.’ The Director General of GIABA emphasized that ‘the results of the past editions corroborated the need to accelerate capacity development for young people in member States to facilitate their understanding of AML/CFT issues, and thus position them to be fully involved in advocating good governance.’
502. Over 100 young people representing youth networks from universities and other tertiary institutions, sports and cultural associations, political parties and religious associations participated in the Forum. A major outcome of the Forum is the pledge by the participants to establish a youth forum on AML/CFT as a platform for undertaking more outreach activities on AML/CFT.
- Open House forum for youth on AML/CFT. Freetown, Sierra Leone, 25 July 2013**
503. GIABA organized the seventh edition of the Open House Forum for Youths in Freetown, Republic of Sierra Leone.
504. The theme for the Forum, ‘Mobilizing Youth against Organized Crimes’, was intended to mobilize young people against money laundering, terrorist financing and all forms of organized crime (trafficking in illicit drugs, proliferation of small and light weapons, etc.), by impressing on their minds the need to adopt positive attitudes, behaviour and beliefs.
505. The Forum was declared open by the Deputy Minister for Youth Affairs of the Republic of Sierra Leone, Mrs Fereh Musu Konteh, who underscored the need for young people to be actively involved in all efforts aimed at promoting good governance. The Sierra Leone Anti-Corruption Commission, and the Transnational Organized Crime Unit of the Sierra Leone Police and GIABA Secretariat made presentations at the event.

506. The Forum was attended by 130 participants comprising students of tertiary institutions, civil society organizations and the media. Also in attendance were senior government officials and regulatory agencies involved in the fight against ML/TF and their predicate offences.

507. In appreciation of the increase in their knowledge about the negative effects of ML/TF, the young people pledged their commitment to campaign against these crimes. As a key outcome of the event, the GIABA National Correspondent for Sierra Leone was urged to liaise with higher institutions of learning in order to facilitate the formation of AML/CFT clubs in order to continue raising awareness among youth.

AIESEC-CESAG sharing session. Dakar, Senegal, 27 April 2013

508. In the context of strengthening its partnership with the civil society organizations and especially youth, GIABA participated in the sharing session organised jointly by the Association Internationale des Étudiants En Sciences Économiques et Commerciales (AIESEC) and the Centre Africain d'Etudes Supérieures en Gestion (CESAG), which was facilitated by the Vice President for Country Development (Africa) of AIESEC International/Founder of AIESEC Mozambique.

509. In the past years, GIABA had developed a collaborative approach with AIESEC, the global youth network impacting the world through leadership development experiences. This approach is aimed at strengthening the partnership between GIABA and AIESEC and the use of the AIESEC platform to further the course of GIABA outreach to young people in member States.

510. At the event, GIABA shared the institution's mandate and achievements, and urged the young people to be fully involved in the fight against ML/TF. The sharing session had over 50 AIESEC members in attendance, AIESEC alumni and other AIESEC partners.

511. The outcomes of the session include: provision of a brief on internship for young people in GIABA; signing of partnership agreements in awareness-raising campaigns on ML/TF; and improved collaboration between GIABA

and AIESEC, in view of the benefit of using the platform later to organize joint programs that would reach a greater number of youth in the member States.

Maximizing the Use of Awareness-raising Platforms

512. The independent evaluation report of GIABA's Strategic Action Plan of 2007–2009 found that 'surprisingly a large number of people in virtually all the member States including senior decision makers still have a limited level of awareness and comprehension of the magnitude and negative effects of money laundering'. In its 2011–2014 Strategic Plan, GIABA adopted a mass communication approach to increase public awareness on the ills of ML/TF in the region. Measures adopted to realize this objective include the installation of billboards in the 15 member States, broadcasting of AML/CFT messages, and branding of all GIABA conference and promotion materials.

Installation of billboards in member States

513. GIABA launched the first phase of the installation of outdoor billboards at 10 airports in nine member States in 2011. The same year, it concluded this phase and initiated the second phase installing six billboards in the remaining six member States. This second phase was completed in September 2012.

514. During the year under review, to establish the efficacy of the project in terms of ownership by member States and sustainability, management directed that a survey be undertaken to ascertain the need for continuity of the project. The survey was carried to ascertain if the installation of billboards had achieved the objectives of raising awareness on the menace of ML/TF and improving GIABA's visibility as a leader in the regional fight against ML/TF in West Africa, with the aim of extending the project.

515. The survey conducted between August and October 2013 in the 15 ECOWAS countries focused on the following key elements:

- Quality of the stand and flex banner containing the message;
- Overall layout of the billboard (colour, images, fonts, readability);

- Location and security of the billboard;
- Assessment of the supplier (in terms of professionalism and collaboration with stakeholders – NCs);
- Impact of the message on public perception to issues of ML/TF;
- Sustainability of the project in terms of duration for maintenance and adequacy of message;
- Overall impression of the project; and
- Areas of improvement.

516. In general, the findings of the survey showed that the billboards have had a positive impact on the public with regard to the fight against ML/TF throughout member States. Specifically, the survey found improved public awareness on issues of AML/CFT and better public support to government AML/CFT programs. The survey demonstrated that the project is a worthwhile venture and that the objectives are being achieved. In line with the outcomes of the survey, management decided as follows:

- a) The project is to be extended by maintaining the billboards for another two years.
- b) The current message is to be revised to meet the expectations of all stakeholders.
- c) A detailed habits and attitudes survey on the general public, especially airport users, is to be conducted at the end of the second year to establish the impact of the project on the fight against ML/TF.
- d) In view of experience gained on the project, the present supplier is to handle the maintenance stage with proper monitoring by the Communication and Advocacy Unit, especially on the use of materials that will withstand the regional climate.
- e) The Secretariat is to ensure consistent follow-up with the GIABA National Correspondents to ensure that undue national bureaucracy does not affect the project.

Broadcasting of AML/CFT awareness messages

517. In order to reach out to a greater percentage of the population with regard to AML/CFT messages, in 2010–2011 GIABA initiated a broadcast campaign in the three community languages and translated AML/CFT messages into major local languages in each member State. The pilot phase was launched in Senegal, in which AML/CFT messages were aired in French and Wolof by

both public and private radio stations with national coverage and highest audience reach at peak periods. Following the success recorded in the pilot phase, the program was replicated in 2013 in Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau and Niger. Feedback from these member States indicated that the airing of the program in the local languages has significantly broadened GIABA's reach, with a greater majority of the populace now aware of the ills of ML/TF and willing to support their government AML/CFT program. This initiative will be extended to the remaining member States in 2014 and 2015.

Development and dissemination of information, education and communication (IEC) materials

518. GIABA Communication and Advocacy team have continued to roll out IEC materials in order to increase awareness through several channels of information dissemination. In 2013, GIABA has produced the following IEC materials:

1. Information stickers
2. Press releases
3. Branded souvenirs
4. Quarterly newsletter.

519. Feedback received from stakeholders has shown an increase in their awareness of the negative effects of ML/TF on the society.

Branded conference materials and literature

520. In continuation of the implementation of its Communication Strategy, GIABA regularly distributes calendars, conference materials and other items that usually carry pertinent information about GIABA's mandate and relevant information on AML/CFT measures.

521. This approach has facilitated better understanding and support for GIABA among key stakeholders. It has enhanced member States' involvement in GIABA's activities, thereby enabling them to take ownership and raise the general public awareness on AML/CFT issues.

522. During the past year, about 15,940 different types of IEC materials were distributed at workshops, seminars, Plenary meetings, advocacy visits, and given to a variety of policy-makers and decision-makers: parliamentarians; political leaders; opinion leaders including religious and traditional leaders; development partners; financial institutions; DNFBPs; private sector organizations; the informal sector including market women; civil society organizations including youth and the media; and academics and researchers.

Establishment of a Network of Journalists against ML/TF. Freetown, Sierra Leone, 28 July 2013

523. In furtherance of its drive to fully mobilize the media and to ensure adequate reporting of AML/CFT issues in the region, GIABA has initiated the formation of networks of journalists against ML/TF at both regional and national levels. This is part of efforts to engage civil society organizations, especially the media, in the fight against ML/TF in West Africa.

524. The mandate of these networks is to promote collaboration among themselves in order to facilitate sound investigative journalism and professional reportage on ML/TF issues and the efforts being made to address them. In this regard, GIABA launched the Sierra Leonean Network of Journalists against Money Laundering and Terrorist Financing. The network has since adopted its operational guidelines and constituted interim leadership to drive its activities.

525. The emergence of the Sierra Leonean Network completes the establishment of such networks in the Anglophone member countries. It is expected that this will boost the quality and quantity of reporting on AML/CFT issues in the country and the region at large. GIABA will continue to disseminate AML/CFT messages through these networks.

526. In Ghana and the Gambia the networks have grown and even own blogs and online platforms for disseminating AML/CFT messages, and they have been able to make their voices heard among political authorities as they contribute to national debate on AML/CFT issues. GIABA will continue to encourage and support the independent running of the networks across the region.

Participation in the activities of the International Day of Elimination of Violence against Women. Lagos, Nigeria, 26 November 2013.

527. GIABA is mindful of gender sensitivity, with the knowledge that women are highly vulnerable to violence and organized crimes that are related to money laundering.

528. It is in recognition of this that GIABA supported women groups in marking the International Day of Elimination of Violence against Women held in Lagos, Nigeria. GIABA used the event to sensitize women's groups on the negative impacts of money laundering and its predicate crimes, and enjoined the participants to be involved in the crusade to curb these crimes, particularly human trafficking and smuggling, which are obvious acts of violence against women and the girl child.

529. The one-day event featured presentations on the relationship between human/child trafficking and money laundering. It also enlightened the women on their roles in curbing ML/TF. About 68 women representing different groups participated in the event. The women resolved to be dependable whistleblowers on money laundering in the course of their businesses.

GIABA Inter-Universities Speech Contest on the Impact of Money Laundering and Terrorist Financing on the Economies of West Africa. Accra, Ghana, 13 December 2013

530. Creating a platform for the younger generation of West Africans to champion the fight against ML/TF is judged to be essential, and will require sufficient knowledge of the subject matter on the part of the young people.

531. As part of its efforts to sensitize, educate and mobilize the youth of ECOWAS countries to support and take proactive measures in the fight against ML/TF in their respective countries and in the region at large, GIABA organized the maiden edition of the Regional Inter-Universities Speech Contest on the Impact of Money Laundering and Terrorist Financing on the Economies of West Africa.

532. The inter-universities speech contest aimed at making youth take leadership roles in the fight against ML/TF in the region. It also strengthened research on AML/CFT and will help to improve their understanding of their roles in combating ML/TF.
533. The event was attended by 353 participants drawn from several schools, particularly higher institutions in Ghana. Contestants were drawn from five universities, one from each Anglophone member State. The event revealed the high level of awareness and knowledge of ML/TF issues and the strategies required to combat them among the youthful population. The students were equally galvanized to take actions within their areas of influence to increase awareness and combat both corruption and its laundered proceeds. At the end of the event, Ms Omeghie Okoyomoh was judged the winner of the first prize, having earned the highest score of 75%.
534. The participants commended the initiative and called on GIABA to extend its reach to secondary schools, and complement the debate with presentations by experts on broader themes.

Conclusion

535. The fight against money laundering and terrorist financing can only be won if everyone is involved. There is the need for concerted, cooperative, collaborative and all-inclusive efforts in the implementation of AML/CFT measures in GIABA member States. Everyone must ensure that criminals do not enjoy ill-gotten wealth. It is the recognition of this fact that drives GIABA's efforts to expand its outreach activities in the region.
536. In the year 2013 GIABA has reached out to several groups, as shown in this report, and these engagements vividly support the overall mandate of countering ML/TF in our societies. Through these engagements, about 8,756,304 persons were reached with AML/CFT IEC materials and messages.
537. The essence of these engagements has been to mobilize public support and improve awareness on AML/CFT, and to contribute to the achievement of ECOWAS vision 2020 on regional integration seeking to move from an ECOWAS of States to ECOWAS of People, which is secure and more prosperous.

CHAPTER SEVEN:

Regional Integration, International Cooperation and Partnerships

538. The global nature of the problems of money laundering and terrorist financing calls for continued engagement with all stakeholders at various levels: national, regional, continental and international. The year 2013 witnessed the largest participation of ministers in the GIABA Ministerial Committee, signifying higher political commitment to AML/CFT, better appreciation of the mandate of GIABA, and taking ownership of AML/CFT.

539. In the course of the year, new vistas of partnership were established, thus expanding the horizon of collaboration, cooperation and integration. Some of the major activities GIABA organized and/or participated in during the year are summarized below.

GIABA Statutory Meetings

The 19th Technical Commission (TC)–Plenary Meetings. Accra, Ghana, 6–10 May 2013

540. In accordance with its Statutes, GIABA organized its 19th Technical Commission/Plenary meetings at the International Conference Centre in Accra. During the meetings, the following issues were discussed and decisions made:

- a) Adoption of the Director General's Mid-Year Report;
- b) Discussion and adoption of the follow-up reports of Benin, Cabo Verde, the Gambia, Guinea Bissau, Liberia, Nigeria, Senegal, Sierra Leone and Togo;



Participants at the 19th Technical Commission and Plenary session, held in Accra, Ghana, 11 May 2013.



Honourable Ministers of GIABA member States attending the 12th Ministerial Committee meeting held in Accra, Ghana, 11 May, 2013. Also in the photo is General Yakubu Gowon, former President of the Federal Republic of Nigeria and His Excellency, John Dramani Mahama, President of the Republic of Ghana, and GIABA officials.

- c) Discussion and adoption of the mutual evaluations of the Republic of São Tomé and Príncipe;
- d) Consideration of the draft Typologies Report on Terrorism and Terrorist Financing in West Africa;
- e) Consideration of the GIABA 2012 Monitoring and Evaluation Report;
- f) Adoption of draft research reports.

GIABA 12th Ministerial Committee Meeting. Accra, Ghana, 11 May 2013

541. Following the successful conclusion of the 19th Technical Commission and Plenary session, GIABA held its 12th GMC Meeting at the La Palm Beach Hotel in Accra, Ghana. GIABA line Ministers of Finance, Justice and Interior/Security of all 16 member States attended. The GMC also witnessed presence of dignitaries led by His Excellency John Dramani Mahama, the President of Republic of Ghana; His Excellency Gen. Yakubu Gowon, former Nigerian Head of State and one of the founding fathers of ECOWAS; and Mr Vdlamir Nechaev, President of the FATF, among others. The GMC adopted the reports of the TC/Plenary, the Director General's Summary Mid-Year Report and the MER of São Tomé and Príncipe.

The 20th Technical Commission (TC)/Plenary Meeting. Cotonou, Benin, 4–7 November 2013

542. The 20th Technical Commission/Plenary Meeting of GIABA was held at the Hotel Azalaï de Plage in Cotonou, Benin.

543. The Plenary considered and took decision on the following items

1. Report by the Director General of GIABA;
2. Memorandum on GIABA 2nd Round of Mutual Evaluation
 - a. Submission of follow-up reports
 - b. Mutual Evaluation Calendar and revision of GIABA ME P&P;
3. Status Report on AML/CFT implementation in Guinea;

4. Status Report on AML/CFT implementation in Liberia and Sierra Leone;
5. Consideration of GIABA January–June 2013 Monitoring and Evaluation Report;
6. Report of the Strategic Review of GIABA's First Round of Mutual Evaluation;
7. Report of the Working Group on Typologies;
8. Membership and Mandate of the Working Group on Typologies;
9. Summary of Country Reports;
10. Report of the WGMEI Co-Chairs.

Regional Collaborative Programs

544. In line with its Strategic Plan for 2011–2014, GIABA participated in regional and international events, partnering with relevant institutions, organizations or development partners in the fight against ML and TF. During the year under review, GIABA was invited to participate in the following events.



Participants to the 20th Technical Commission (TC)/Plenary Meeting. Cotonou, Benin, 4–7 November 2013.

Conference on Border Control Cooperation in the Sahel and Maghreb. Rabat, Morocco, 13-15 March 2013

545. At the invitation of the Executive Director of the AU Counter-Terrorism Centre, GIABA took part in a Conference on Border Control Cooperation for law enforcement agencies in the Sahel, held in Rabat, Morocco. The main focus of this workshop was the cooperation of LEAs across the borders of the Sahel countries.
546. GIABA's contribution was mainly on equipping participants with a better understanding of the drivers and facilitators of TF. At the end of the workshop, participants had a better understanding of the importance of cooperation in order to address the spread of terrorism in some of the countries along the Sahel zone.

Meeting of experts on the Enhancement of the Powers of the Community Parliament. Accra, Ghana, 22–26 April 2013 and 8–14 September 2013

547. GIABA participated in the meeting of experts of ECOWAS member States and the meeting of legal advisers of community institutions on the Enhancement of Powers of the ECOWAS Parliament held in April and September 2013. Participants considered and offered recommendations on the political and legal implications of the draft Bill on the Enhancement of Powers of the ECOWAS Parliament, and the impact of the Bill on existing operational arrangements of community institutions.
548. The meeting was charged with the task of reviewing and fine-tuning the draft Bill. The inputs provided at both meetings facilitated the process of enhancing the powers of the ECOWAS Parliament.

WAIFEM Regional Course on Combating Money Laundering and Other Financial Crimes. Monrovia, Liberia, 13–17 May 2013

549. GIABA participated in the Regional Course on Combating Money Laundering and Other Financial

Crimes organized by WAIFEM. GIABA has been supporting WAIFEM in the execution of this annual course by sponsoring experts from the Secretariat and the region.

550. The course was designed to complement GIABA's efforts in building capacity in officials of competent authorities and other stakeholder institutions. GIABA will continue to partner with WAIFEM, a sister ECOWAS institution, in building the required capacity on AML/CFT to ensure that the economies of member States are not used to launder the proceeds of crime.

Regional workshop for the establishment of mechanisms for the implementation of UN sanctions: Lessons and perspectives. Lomé, Togo, 15–16 May 2013

551. GIABA was invited by the Institute of Security Studies to participate in a regional training workshop for the establishment of mechanisms for implementing UN sanctions lists in Western and Central African States. The workshop, held in Togo, was arranged by collaboration with the UN Regional Centre for Disarmament and the Togolese Ministry of Foreign Affairs.
552. GIABA was invited to share its experience with the participants, particularly with regard to national and international cooperation between law enforcement agencies. The workshop participants recommended the establishment of a coordination committee for the implementation of the UN sanctions.

GIABA/KA IPTC Cooperation in the fight against organized crime and the laundering of proceeds from such activities: Course development meeting on border security management for the Sahel. Elmina, Ghana, 13–17 May 2013

553. The Kofi Anan International Peace Keeping and Training Centre (KA IPTC) in Accra invited GIABA to participate in the development of a course on border security management (BSM) for Sahel countries financed by Japan. The meeting, held in Elmina, Ghana, brought together experts, including two staff members of GIABA, to brainstorm on the course outline.

554. Based on the parameters identified, the team established the overall objectives of the course on BSM, produced six modules and identified their specific objectives. From these specific objectives, a brief course outline was developed. The participation of GIABA provided an opportunity for discussion of ML/TF in the course. The BSM course was delivered in Burkina Faso, Mali, Niger, Nigeria, and Senegal.

555. GIABA also collaborated with KAIPTC on an operational course in Counter Piracy and Transnational organized crimes which took place at the KAIPTC in Accra, Ghana, on 18–29 November 2013. This was followed by a course review from 1 to 3 December 2013.

556. The event offered the opportunity for GIABA to raise the awareness of the navy and other marine and police officers from the West African region and Cameroon, on laundering the proceeds of maritime organized criminal activities.

NIALS Law Summit. Abuja Nigeria, 3–6 June 2013

557. GIABA participated in a Law Summit organized by the Nigerian Institute of Advanced Legal Studies in June 2013. GIABA's participation is in keeping with its strategic goals of promoting partnerships with key national stakeholders as a means of enabling member States to take ownership of, and sustain, the process of AML/CFT implementation at a national level. The event gave GIABA the opportunity to sensitize members of the legal profession and the wider public on AML/CFT issues. It also furthered the collaboration between the two institutions in the areas of organizing joint conference and undertaking research on AML/CFT.

558. The Director General was a guest speaker at the meeting of the Justice Sector Donor Coordination Group held in the margins of the summit. The meeting afforded GIABA an opportunity to inform the Group about its work as well as providing some insights on potential areas of intervention within Nigeria's justice system on AML/CFT.

Meeting of elected government officials of Kogi State, Nigeria. 13 June 2013

559. The Kogi State Government in Nigeria, in recognition of the role of GIABA in championing the fight against ML/TF in West Africa, invited the Director General to deliver the lead paper, 'Democracy, Good Governance and Challenges of Development', to the elected officials of the State, held in the Conference Hall of Government House in Lokoja, Nigeria.

560. The Secretary to the State Government, Prof. Olugbemiro Jegede, set the tone for the seminar with a presentation entitled 'The Transformation Agenda of the State Government'. GIABA Director General's presentation focused on good leadership and best practices for good governance.

561. The program provided the opportunity for GIABA to advance the course of its mandate through advocating for good governance, promoting transparency in government business, reducing both corruption and the laundering of the proceeds of corruption; and promoting and instituting the rule of law. The Government and elected officials of Kogi State expressed their deep appreciation to the DG in particular and GIABA in general for giving them a better understanding of AML/CFT issues and their impacts on governance.

International Conference on Cross-border Payments in West Africa. Dakar, Senegal, 14–15 June 2013

562. GIABA attended the international conference on cross-border payment in West Africa titled 'Towards the Establishment of a Platform for Cross Border Payments in West Africa to enhance Trade and Integration within ECOWAS'. It was organized by the World Bank in collaboration with Ghana Interbank Payment and Settlement System, Groupement Interbancaire Monétique de l'Union Economique et Monétaire Ouest Africaine, and Nigeria Interbank Settlement System. The event was a step further in the implementation of a World Bank initiative on cross-border electronic payment system in West Africa.

563. The conference brought together major stakeholders across the region in the payment industry, including the ECOWAS Commission, central banks of GIABA member States, commercial and deposit money banks and foreign exchange traders, to deliberate on critical issues necessary for the successful implementation of a cross-border payment system in West Africa. These issues include: macro-economic analysis of the impact of the introduction of a cross-border electronic payment system on development of regional trade and integration; market and trade assessment; governance issues; a regulatory system; technical and safety standards; and clearing and settlement of transactions.

564. The main outcomes of the conference were: identification and adoption of a system integration option, and development of an implementation plan for switch integration in West Africa; identification of regulatory, policy and governance issues that should be considered in the implementation process, including the incorporation of the AML/CFT standards into the regulatory/policy framework; and the identification of risk/security factors that could impact on the project, including foreign exchange risks, liquidity risks, settlement risks, legal risks and ML/TF risks.

National training course on the fight against terrorism. Bamako, Mali, 14 June 2013

565. At the invitation of the Institute of Security Studies, GIABA took part in an investigators' training workshop for law enforcement officers, which took place at the Alioune Blondin Beye Peacekeeping Training Centre in Bamako, Mali. Participants from Burkina Faso, Côte d'Ivoire, Mali, Niger, Nigeria and Senegal took part in the training.

566. GIABA's contribution to this event was to highlight its activities in assisting member States to combat the financing of terrorism in the region. The participants were introduced to a wide range of investigative techniques related to tracing and recovering terrorist assets.

Capacity enhancement course for West African law enforcement officers. Abidjan, Côte d'Ivoire, 8–19 July 2013

567. Following the invitation by the Institute of Security Studies, GIABA participated in the national training course on combating terrorist financing held at the Interpol Office in Abidjan, Côte d'Ivoire.

568. The overall objective of the training course falls within the ECOWAS Counter-terrorism Policy approved in 2013. In particular, the initiative was dedicated to enhancing the capacity of law enforcement in the area of financial investigations, tracing and recovery of assets, especially terrorist assets. The event was aimed at law enforcement officers (i.e. customs, national police, military, investigators and intelligence officers) working at the points of entry and exit.

569. The key recommendations made include:

- Countries should encourage inter-agency cooperation;
- Countries should use the facilities provided by the local Interpol offices; and
- GIABA/WCO/Interpol should organize joint programs on TF.

Africa Prosecutors' Association Conference and annual general meeting. Praia, Cabo Verde, 8–10 October 2013

570. GIABA participated in the 8th Africa Prosecutors Association Conference and Annual General Meeting held in Praia, Cabo Verde. The Conference was organized in collaboration with the Institute for Security Studies on the theme Collaboration and Networking for Effective Prosecutions of Specific Transnational and Priority Crimes. The annual conference and general meeting were aimed at strengthening the capacities of national prosecution services and ensuring effective international collaboration in the prosecution of serious crimes.

571. GIABA presented a paper, 'Money Laundering and the Tracking of Terrorist Financing in West Africa: The Role of Prosecutors and Investigators'. The presentation formed part of a panel discussion which focused on a

sub-theme of the conference, money laundering, racketeering and tracking the financing of terrorist acts. Other presentations were delivered on various other sub-themes. The panel discussions that followed the Plenary sessions encompassed important issues pertaining to transnational organized crime, including their manifestations, prevalence, effects, as well as efforts to address these issues. Case studies on Crime Scene Management, Investigating Crimes against the State, Prosecution of the Henry Okah Case, and Thuthuzela Centres Model in South Africa were also discussed.

572. Participants highlighted some challenges to the fight against transnational organized criminal activities and crime generally in Africa, including the lack of literature on environmental crime in Africa despite the rampant degradation of the African ecosystem; weaknesses in legal frameworks aimed at fighting transnational organized crime; and lack of effective collaboration between officials in the criminal justice system in sharing information and exchanging knowledge on pertinent issues relating to transnational crimes.
573. In the light of the observations made, discussants and participants recommended that legislation should be harmonized to facilitate networking, cooperation and collaboration among prosecutors on the African continent.

ECOBANK board meeting. Takoradi, Ghana, 11–14 October 2013

574. GIABA was invited by the Ghana FIC, at the request of ECOBANK-Ghana, to make a presentation to its Board of Directors on the role of GIABA with regard to AML/CFT and how this impacts on financial institutions in member States. The presentation made by GIABA focused on the mandate, mission and vision of GIABA and the achievements made in the AML/CFT legal and institutional frameworks in West Africa, as well as the challenges and the way forward.
575. The Board members were particularly pleased with the information received and acknowledged that this will enhance their collaboration with the Ghana FIC with regard to reporting suspicious financial activities.

1st Association of Certified Anti-Money Laundering Specialists and Wisconsin International University College Discussion. Accra, Ghana, 27 November 2013

576. GIABA participated in the 1st Association of Certified Anti-Money Laundering Specialists (ACAMS) and Wisconsin International University College (WIUC) Discussion in Accra, Ghana. The theme, Positioning Ghana against Money Laundering and Financing of Terrorism: Role of Stakeholders, brought together key AML/CFT stakeholders from both the public and private sectors, including judges, high-ranking officials from law enforcement agencies, the Ghana FIC and financial institutions, as well as traditional chiefs and students. The program also marked the beginning of a new partnership between WIUC and ACAMS. This partnership, which will allow the University to run ACAMS courses, will assist AML/CFT stakeholders in Ghana to acquire the requisite knowledge and capacity to combat ML/TF. The discussion enabled key officials working at the operational level to confer on problematic operational issues, thus serving as a platform and basis for further cooperation. The discussion highlighted the need for effective implementation of AML/CFT laws and domestic cooperation and coordination between AML/CFT stakeholders.

Capacity enhancement course for West African law enforcement officers. Niamey, Niger, 11–23 November 2013

577. GIABA was invited to facilitate in a course on capacity enhancement for law enforcement officers in Niger, held from 11 to 23 November 2013. The training focused on enhancing the capacity of the relevant law enforcement officers in counter-terrorism activities as well as combating the financing of terrorism in the region.
578. A key recommendation of the training was a call on GIABA to develop a standard operating manual on ML/TF investigation techniques for law enforcement officers. In addition, member states were encouraged to establish national coordination, cooperation and liaison mechanisms that will contribute to the fight against terrorism and its financing in the region.



From 3rd by the left, Director General of GIABA, the representative of the Ministry of Foreign Affairs of Nigeria, the Ambassador of Switzerland to Nigeria and representative of the Ministry of Trade and Investment of Nigeria with about 60 participants from relevant regulatory bodies and DNFBS of North and West African countries.

GIABA/Switzerland joint workshop on cash transaction movement and reporting in the regions for North and West African Countries. Abuja, Nigeria, 26–28 November 2013

579. GIABA and Switzerland, with the support the Federal Republic of Nigeria, jointly organized a regional workshop at the New Chelsea Hotel in Abuja, Nigeria, on improving cash transactions reporting regimes in the DNFBS sector and cross-border Cash/Bearers Negotiable Instrument (BNI) movements in North and West Africa.

580. The Honourable Minister for Foreign Affairs, Professor Viola Onwuliri, represented by the Permanent Secretary of the Ministry, Ambassador Martin Uhomobhi, declared the three-day training workshop open. Various addresses were delivered by the Minister of Trade and Investment, Dr Olusegun Aganga, represented by the Permanent Secretary of

the Ministry, Mr Dauda S. Kigbu, the Executive Chairman of the Economic and Financial Crimes Commission (EFCC), Mr Ibrahim Lamorde and His Excellency Ambassador Hans-Rudolf Hodel, the Swiss Ambassador to Nigeria (with concurrent accreditation for Niger and Chad) and Dr Abdullahi Shehu, the Director General of GIABA.

581. The training drew about 60 participants from relevant regulatory bodies and DNFBS of North and West African countries. After the intensive training delivered by renowned international and regional experts, participants made the following key observations:

- a) Cash transactions are vulnerable to ML/TF and pose unique challenges to the identification, tracing and recovery of laundered proceeds of crime, and the effective implementation of AML/CFT measures.
- b) A major impediment to controlling cross-border cash and BNI movements is weak legislation and law enforcement control at points of entry or exit.

c) Lack of confidence in the financial system and other methods of payments, the continued growth of the cash-oriented informal sector, and the convenience, speed and certainty of cash in settling financial obligations are factors that support the preponderance of cash transactions by DNFBPs and other operators in the informal sector.

582. In the light of these observations, participants urged governments to provide the necessary support and adequately empower competent authorities, especially the customs authorities, regulatory agencies for DNFBPs, MVTS and FIUs to enhance their operational efficiency.

583. Similarly, national authorities should improve sensitization of DNFBPs/MVTS on their AML/CFT obligations in order to enhance their compliance with international standards, especially reporting of suspicious transactions, hence the need to strengthen the existing currency declaration/disclosure system to identify or check physical movement of cash/BNIs across national borders. Violations of existing laws and regulations should also be appropriately sanctioned.

ACAMS 3rd Annual AML and Financial Crime Conference. Accra, Ghana, 9–11 December 2013

584. GIABA has been supporting ACAMS activities in West Africa since 2010 through participation in the Association's annual conference for Africa, the establishment of ACAMS chapters in West Africa and the recognition by ACAMS of professional certification on AML/CFT. In 2013, GIABA participated in the 3rd Annual Conference for Africa hosted by ACAMS' Ghana Chapter in Accra. With a multi-pronged approach of education, networking and cooperation, the conference brought together over 150 AML/CFT professionals and renowned speakers.

585. The Director General of GIABA was a major keynote speaker at this conference, and the GIABA Secretariat made presentations on developing a sound risk methodology and using the revised FATF Recommendations to fortify CDD.

586. The ACAMS conference provided delegates with practical knowledge and proven techniques to address the latest financial crime trends and regulatory obligations affecting Africa's ever-expanding financial system. In the coming years, GIABA will continue to support ACAMS as a platform for AML/CFT education.

FATF Activities and Meetings

587. GIABA, as an Associate member and an FSRB, participates in FATF activities, where issues of critical importance on AML/CFT were deliberated on and relevant decisions taken to foster global compliance with acceptable international AML/CFT standards. In 2013, GIABA participated in the following FATF events.

FATF Plenary meetings

588. In harnessing the benefits accruing to an Associate member of the FATF, GIABA participated in the three FATF Plenary meetings in 2013 (Paris, France, 18–22 February; Oslo, Norway, 17–21 June and Paris, 14–18 October). As an FSRB and Associate Member of FATF, the participation of GIABA in the FATF Plenary and the working meetings has been critical to implementation of its 2011–2014 Strategic Plan, which focuses on keeping abreast of emerging issues on AML/CFT regimes and promoting international cooperation. Also, to enhance the capacity of GIABA member States on AML/CFT issues, especially their understanding of the mutual evaluation process and the implementation of MER action plans, officials of GIABA member States have been part of the delegations to FATF Plenary meetings. This practice is designed to expose officials of member States to best practices in implementing AML/CFT measures.

589. Major outcomes were the consideration and adoption of the following:

- a. Calendar of assessment of FATF members in the 4th Round of Mutual Evaluations;
- b. Revised assessment methodology;
- c. Report of joint FATF–GIABA Typology on Terrorist Financing in West Africa;

- d. Mutual Evaluation Report template;
- e. Restructuring of FATF working groups.

590. In addition, there were sessions on reinforcing the FATF-FSRB Global network, Global Network Coordination Group, which requires the participation of GIABA. Also, the following are under consideration to facilitate the emergence of effective AML/CFT regimes in the world: expansion of FATF membership and the finalisation of best practice papers and guidance notes/papers.

591. GIABA will continue to leverage on its membership of the FATF in championing the implementation of acceptable international AML/CFT measures in the region. Member States are enjoined to improve their AML/CFT regimes to take advantage of the planned expansion of membership of the FATF.

ICRG-RRG meeting and on-site visit. Accra, Ghana, 14–18 January 2013

592. The FATF International Cooperation Review Group, through its Regional Review Group for Africa and the Middle East, conducted an on-site visit to Ghana to ascertain whether the country has taken the required actions needed to address the strategic AML/CFT deficiencies identified in the country in line with the Action Plan agreed to with the FATF. GIABA participated in the visit. The RRG considered that the country had substantially completed the Action Plan and confirmed during the visit that Ghana had implemented most of the recommended actions. The recommendation by the RRG to remove Ghana from the FATF review process was confirmed by the FATF Plenary in February 2013 through this FATF statement:

'The FATF congratulates Ghana and Venezuela for the significant progress made in addressing the strategic AML/CFT deficiencies identified in their action plans agreed with the FATF. These countries will no longer be subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. These countries will work with their respective FATF-Style Regional Bodies as they continue to address the full range of AML/CFT issues identified in their Mutual Evaluation Reports.'

ICRG Middle East and Africa RRG meeting. Paris, France, 13–15 May 2013; and Casablanca, Morocco, 18–20 September 2013

593. The objective of these FATF RRG meetings is to review the progress each country has made under the review process in implementing its action plan designed to address the AML/CFT deficiencies identified in its jurisdiction.

594. Jurisdictions are categorized as undergoing Prima Facie Review or Targeted Review. The Secretariat's attendance at the meeting was particularly important in view of the fact that STP and Nigeria were listed on the review process.

ICRG-RRG on-site visit Abuja, Nigeria, 12–13 September 2013

595. GIABA participated in the FATF/RRG on-site visit to the Federal Republic of Nigeria in September. The purpose of the visit was to confirm whether the process of implementing the actions indicated on Nigeria's Action Plan, meant to address the deficiencies identified by the FATF, were carried out as reported by Nigeria to the ICRG. Specifically, it was aimed at confirming the political commitment of the country in implementing AML/CFT measures, ensuring that the technical aspects of the Action Plan have been fulfilled, and establishing whether there is institutional capacity to sustain the reforms made. The visit also sought to confirm whether there is commitment to provide necessary resources to relevant agencies. The RRG held discussions with the relevant ministers, directors and other representatives of ministries, departments and agencies, as well as the private sector institutions involved in the implementation of AML/CFT measures in Nigeria. The report of the on-site visit was discussed at the RRG meeting held in Casablanca, Morocco, from 18 to 20 September 2013, following which the FATF confirmed Nigeria as one of the jurisdictions no longer subject to the FATF's ongoing global AML/CFT compliance process. Consequently, on 18 October 2013 the FATF issued the following statement in respect of Nigeria:

'The FATF welcomes Nigeria's significant progress in improving its AML/CFT regime and notes that Nigeria has established the legal and regulatory framework to meet its commitments in its Action Plan regarding the strategic deficiencies that the FATF had identified in February 2010. Nigeria is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Nigeria will work with GIABA as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report.'

International Meetings

FATF assessors training. Rome, Italy, 18–22 November 2013

596. In order to prepare the Secretariat to conduct the second round of mutual evaluations of GIABA member States, four staff members of the GIABA Secretariat attended the assessors training organized by the FATF in Rome. The Secretariat will replicate the training at the regional level using the trained staff. The Secretariat is expected to participate in the two FATF Assessors Training sessions scheduled for March 2014 and June 2014.

Egmont Working Group and Committee Meeting. Ostende, Belgium, 20–25 January 2013

597. For the purpose of enhancing its role in establishing and strengthening FIUs in West Africa, GIABA attended the Egmont Working Group and Committee Meeting in Ostende in January. The discussions at the meetings of the five working groups (Legal, Information Technology, Operational, Outreach and Training) focused on the role of the FIUs in the revised FATF Standards and how to mainstream the individual annual business plans into the overall strategic plan of the Egmont Group.

598. The themes of the Egmont Group Plenary scheduled to be held in July 2013 in Sun City, South Africa, were adopted. The membership applications of three FIUs

from GIABA member States (Ghana, Togo and Burkina Faso) were considered and decisions were made at the Plenary in July as noted below. The GIABA region was commended for being the fastest growing region in Africa with the highest membership in the Egmont Group. However, it was observed that Ghana needed to fine-tune its AML/CFT framework, particularly the TF legislation relating to addressing the components of UNSCR 1373 in line with acceptable standards in order to facilitate its membership of the Group.

21st Egmont Plenary. Sun City, South Africa, 1–5 June 2013

599. GIABA attended the 21st Egmont Plenary held in South Africa in June. The meeting brought together Egmont member FIUs and observer organizations, including FSRBs, for in-depth discussions and training sessions in order to further the development of the international FIU network. During the Plenary, 13 training sessions were held, while 51 bilateral cooperation agreements (MoUs) were signed between Egmont members.

600. Major outcomes of the Plenary include the admission of two GIABA member States FIUs (Burkina Faso and Togo) along with other six FIUs (Algeria, Bangladesh, Bolivia, Vatican City State, Seychelles, and Trinidad and Tobago) into the Egmont Group; endorsement of Mr Murray Mitchell, Director, South African Financial Intelligence Centre as the new Chair of the Egmont Group; and endorsement of the Africa Outreach and Assistance Strategy for another three years (2012–2015) in order to promote the establishment of FIUs in the African region and to provide potential African candidates seeking Egmont Group membership with information, technical assistance and support.

601. Also, the Egmont Heads of FIUs approved the revised Egmont Group foundational documents, which will provide the guiding principles for FIUs in the future. The documents are the Egmont Charter, the Principles of Information Exchange between FIUs, and Operational Guidance for FIU Activities and the Exchange of

Information. Recognizing the areas of mutual interest and the opportunities for cooperation, the Heads of FIUs also approved Egmont Group Partnership with Observers and International AML/CFT Partners, which will further enhance the Egmont Group's collaboration, cooperation and coordination with its AML/CFT partners, including the FSRBs.

Cambridge International Symposium on economic crime. Cambridge, UK, 1–8 September 2013

602. GIABA attended the 31st Cambridge International Symposium at Cambridge University. The Director General of GIABA was a keynote speaker at the event. The symposium brings together more than 1000 delegates from across the world. In view of its intellectual nature, GIABA sponsors officials of AML/CFT stakeholder institutions to the symposium each year. As part of building networks among AML/CFT interest groups, GIABA will continue to collaborate with the Cambridge Symposium and participate in its activities. The 32nd edition of the Symposium is scheduled for 1–7 September 2014 in Cambridge.

Third OECD Forum on Tax and Crime. Istanbul, Turkey, 7–8 November 2013

603. GIABA attended the 3rd OECD Forum on Tax and Crime held at the Grand Tarabya Hotel in Istanbul. The forum enhanced GIABA's role in strengthening the capacity of tax authorities of its member States. This has become important in view of the inclusion of tax crimes as a predicate offence of money laundering by the FATF in the new set of Recommendations, and also considering the findings of GIABA research studies, in particular the Threat Assessment of Money Laundering and Terrorist Financing in West Africa, and the Typologies Report on Tax Crimes and Money Laundering in West Africa.

604. The meeting brought together policy-makers and experts²²¹ across the world to address strategic priorities and key emerging issues in tax crime (prevention,

detection and investigation), corruption and money laundering. Participants also identified opportunities for countries to address these threats through greater sharing of intelligence and cooperation.

605. The Director General of GIABA served as a discussant in the session on Stemming Illicit Flows from Developing Countries. During the session he made a presentation, 'The Role of FIUs in Combating Illicit Flows from Developing Countries'.

Key Recommendations

606. The key recommendations made at the third Forum are that countries should take practical steps to:

- enhance inter-agency cooperation between institutions involved in the fight against tax crimes and other financial crimes;
- reduce legal, operational and political barriers or improve arrangements for international cooperation in the fight against tax and other financial crimes;
- maximize the benefits of using STRs in combating tax crimes by providing the necessary support to reporting entities to file STRs and FIUs to process these reports in support of the fight against tax crimes and other financial crimes;
- combat crimes generating illicit financial flows as well as recover the proceeds of crimes.

Conclusion

607. International cooperation and partnership is central to AML/CFT because money laundering and terrorist financing are transnational crimes cutting across jurisdictions. It is in this context that the 2011–2014 GIABA Strategic Plan identified promoting international cooperation and partnership as one of its goals. As this chapter reveals, GIABA's participation in international events provides it with numerous opportunities to strengthen cooperation with its partners and consolidate its partnerships. The ECOWAS institutions and the FATF remain the forerunners of GIABA's partnership. GIABA will continue to identify key regional and international activities in which to participate, and partnerships to promote in order to strengthen and deepen the AML/CFT systems of its member States.

CHAPTER EIGHT:

Administrative and support services, monitoring and evaluation

608. In the year 2013, two important factors guided administrative and financial activities. These are the annual work plan drawn from the 2011–2014 Strategic Plan/Action Plan and the major institutional reform process launched by ECOWAS.

609. Supporting a growing structure and increased portfolio of programs and activities requires continuous improvement of processes and procedures in order to meet cost, time-frame, scope and quality standards. This is the rationale behind GIABA's continuous Business Process Reviews, the automation of routine administrative processes (Intranet), quality control of procurements, and the efforts to safeguard institutional memory through an updating and revamping of the official registry and archiving system.

610. Even though by nature some of the projects are continuous and cannot be finalized within a year, GIABA has recorded tremendous progress leading to overall improvements in administrative and financial management.

Organizational Structure

611. The organizational structure has now been consolidated and the various positions on the structure have been properly delineated to avoid duplication and ensure efficiency and accountability.

Staffing

612. The following vacant positions were filled in 2013: Principal Program Support Officer (P5), Principal Program Officer (P5), Principal Administration and Human Resources Officer (P5), Financial Sector Officer (P4), Monitoring & Evaluation Officer (P4), Human Resource Officer (P3), ICT Assistant and Maintenance

Assistant. All the appointments were on fixed-term contract or a temporary basis. Employment on a permanent basis will be launched in due course.

Institutional Events

Staff retreat and other social activities

613. Unlike previous years where a single Staff Retreat was held for all categories of staff and was devoted to embedding institutional culture in staff behaviours and attitudes, in 2013 two sets of retreats were conducted for professional and general staff respectively. The professional staff retreat was from 4 to 7 April and that of the general staff from 4 to 6 July 2013. Both retreats were held in Somone, Senegal, on the common theme 'Challenges to Higher Performance in GIABA'. The purpose of holding the retreats separately is to ensure that each category of staff was given a voice to contribute to identifying the challenges to higher performance in GIABA without domination of one by the other.

614. At each retreat, staff members were invited to assess the overall performance of the institution from all perspectives and make recommendations for improvements. The reports of the retreats containing relevant recommendations were endorsed by the DG for immediate implementation. The challenges identified encompass multiple task management, cultural diversity of recipients of projects, implementing revised FATF Recommendations, absorptive capacity, allocating dedicated programs and projects to information centres, website management, travel costs, performance monitoring and leadership style. The recommendations, relating mainly to speedy treatment of staff appraisals, effective and objective monitoring of

staff performance and fine-tuning of reporting lines, were immediately implemented. All other recommendations are under processing for smooth implementation.

International Women's Day, 8 March 2013

615. One of the Millennium Development Goals is the promotion of gender equality and women's rights. This is also a key principle in ECOWAS regional integration. In order to demonstrate management's commitment to gender balance as well as the protection and promotion of women's rights, the Director General renewed the observance of the International Women's Day in GIABA on 8 March 2013. The Secretariat celebrated the day in GIABA with a lunch reception during which he presented gifts to female staff; he assured them of the full support of management and acknowledged their tremendous contribution to the success of GIABA.

Staff General Assembly/Town Hall meeting

616. In an effort to promote openness and constructive dialogue between management and staff, and as a way to provide feedback to personnel on management issues, two staff general assemblies/town hall meetings were held in February and October 2013. This is also in line with the internal communication mechanisms set by the Executive Management. In addition, the Director General held quarterly meetings with the staff representatives.

End of year/Christmas presentations

617. GIABA organized a Christmas Gift Presentation Ceremony on 14 December 2013 during which the Director General presented Christmas/New Year gifts to all the children of the GIABA family in order to express GIABA's appreciation to staff members for their excellent contribution during the year with the support from their families. The 2013 Ceremony witnessed the presence of ambassadors from ECOWAS member States in Dakar and their families.

Staff, invitees and their children enjoyed shows and plays. In his address, the DG thanked ECOWAS member States' ambassadors in Dakar for their continued support to GIABA and assured them that GIABA will continue to stand for ECOWAS people in the fight against ML/FT. On behalf of her peers, her Excellency Mrs Khadi Basiru, the Ambassador of Sierra Leone and Dean of the ECOWAS Ambassadors, thanked the DG for his care and attention to them and their families by associating them with the event. She encouraged GIABA to maintain its leading role in the fight against ML/FT within the framework of regional integration in ECOWAS.

Staff training

618. As part of its overall goal to strengthen GIABA Staff competencies, a comprehensive training plan was developed in March 2012, covering 2012 to 2015. The 2013 training plan was successfully implemented through overseas and regional training courses attended by staff members. In 2013 priority was again given to building capacity and updating skills.

ECOWAS institutional reform project

619. Following a decision of the Authority of Heads of State and Government, the Council of Ministers set in motion a framework for ECOWAS institutional reform. The project has commenced with the appointment of Maxwell Stamp, a consultancy firm, to lead the reform process. The staff of Maxwell Stamp have begun their work and they visited GIABA in August and October 2013 to discuss various matters related to the reform. The initial report of the consultants will be presented to Council early in 2014 for consideration and decision. The reform process is designed to overhaul the process of doing business in ECOWAS institutions and improve efficiency in mandate delivery.

221 Participants include officials from tax and customs administrations, ministries of Finance and Justice, FIUs, anti-corruption authorities, law enforcement agencies, prosecution services, central banks, and international development agencies.

Financial Management

Funding

620. For the year under review, GIABA was supported with funds from the following:

Source of Funds	Key Funding Activities
ECOWAS Community Levy Funds	Staff salaries, program, administrative and capital expenditure
Swiss Government	Improving cash transactions reporting in DNFBPs for North and West African States and AML/CFT seminar for Francophone judges

621. In order to diversify its funding base, GIABA has finalized funding arrangements with the European Union to the tune of three million Euros in the areas of improving the fight against money laundering in the region. The relevant EU bodies approved the project and the project team has been appointed by the Director General (to be led by the Director of Research and Planning). The project is to take off in March 2014, and adequate preparations are being made for this.

622. The UK Department for International Development undertook an institutional review of GIABA in line with its new technical assistance arrangements aimed at a longer-term funding (three years). The official outcome and benefits of this assessment are expected in 2014.

623. In addition, the African Development Bank Group has approved a project proposal submitted to it by GIABA to the tune of US\$300,000, which is meant to strengthen AML/CFT compliance in West Africa.

624. The Director General led a high-level mission to Jeddah to meet with the President of the Islamic Development Bank in order to explore ways of cooperation between the two institutions. A comprehensive project proposal

based on partnership between the two institutions has been forwarded to the Bank by GIABA for consideration.

625. Regardless of ECOWAS engagements in Mali, Guinea and Guinea Bissau, which exert some strain on the resources of the Community, GIABA funding from the Community Levy has been increased by 5% in the 2014 financial year, which shows ECOWAS' strong commitment to AML/CFT.

Budget implementation

626. The 69th Ordinary Session of ECOWAS Council Ministers approved a budget of UA 9,341,689 for the implementation of GIABA's 2013 activities, representing a 4% growth in funds made available to the institution over the previous year. This budget was expected to be financed at 97% (representing UA 9,041,689) from the Community Levy and 3% (representing UA300,000) from external funds. During the period under review, 90% of the budget provision was implemented.

Audit of financial statements

627. The external audit of GIABA's 2012 financial statements was completed in October 2013 by KPMG, Ghana. The final report is yet to be considered by the Audit Committee. The 2011 financial statements were approved by the Council of Ministers at its 70th session held in Abidjan, on the recommendation of the Audit Committee, which commended GIABA for a clean external audit report and for implementing all its recommendations.

628. In addition to the annual audits conducted by external auditors, the Financial Controller of ECOWAS Institutions conducted an on-site visit to examine GIABA's administrative and financial operations. The discussion on the Controller's report at the 70th ECOWAS Council of Ministers gave the opportunity to the Director General to clarify issues raised by the Controller and to provide relevant information to ministers. None of the Controller's reports in 2013 included a recommendation on GIABA's administrative and financial management.

629. The Chief Internal Auditor also conducted an on-site visit in September 2013 to examine the payment and payroll processes. The reports are yet to be received as at the time of finalizing the 2013 Annual Report.

Other Activities

630. During the reporting period, sharing sessions were organized to allow staff who attended training programs to share their knowledge with their colleagues. This has helped to ensure that staff are aware of the latest development in different knowledge and skill areas on AML/CFT and other subject matters.

631. GIABA participated in the 2013 Budget Review meeting held at the ECOWAS Commission and the Administration and Finance Committee Meeting in Abuja, Nigeria, on 4–8 November 2013, to consolidate the budget proposals from ECOWAS institutions for presentation to the Council of Ministers for consideration and approval. GIABA participated actively, along with other ECOWAS institutions, in the Financial Management Reform process, including the ongoing implementation of SAP Enterprise Resource Planning platform.

632. GIABA also participated in the Audit Committee meeting held in June in Abidjan to discuss the 2011 audit reports of ECOWAS institutions and recommendations made to Council of Ministers for consideration.

ECOWAS Tender Code and Manual of Procurement Procedures

633. GIABA played an active role in the drafting and adoption of a new Tender Code and a Manual of Procurement Procedures for ECOWAS institutions and agencies under the coordination and leadership of the Commissioner, Administration and Finance of the ECOWAS Commission. The new Tender Code is in full compliance with international best standards and provides a balanced framework for ECOWAS institutions to handle procurement activities. The manual, which is aimed at operationalizing the Code, provides procurement officers and other stakeholders with relevant templates

that will ensure coherence and uniformity in carrying out the procurement functions in ECOWAS institutions. The appointment of procurement officers is now compulsory for all ECOWAS Institutions. In the case of GIABA, a procurement specialist has been appointed since 2010.

Information and communication technology activities

634. ICT has remained the silent backbone of GIABA operations. Most of GIABA activities are carried out by electronic means. Every staff member in GIABA uses a computer system to facilitate his or her work. An internet downtime of one hour will cause serious concern. In this regard, the ICT Unit staff work round the clock to ensure service continuity. In addition to maintaining continuity through the smooth functioning of hardware, software and connectivity, the ICT Unit is also involved in the implementation of ICT-related projects for member States such as the AML deployment of analytical software.

Enterprise mail deployment

635. To ensure better management and control of emails, the Lotus Domino enterprise mail server together with Lotus Notes Mail Client was deployed in 2013. The system has the capability of replicating mails and other data continually to the Lagos Office in order to ensure that the institution recovers from any disaster with minimal downtime. With the system, users are now able to access their mails using a secure mail client in the office and a web-based mail system from remote locations.

Intranet portal and business process automation

636. To be effective and efficient, modern business process management requires speed and accuracy. As a result, most modern organizations have transitioned their business processes to an Enterprise Resource Planning platform. Far back in 2008, the management

of GIABA took a decision to undergo this transition, but due to the unique business environment of the institution, it took some time to conclude on the best platform to transition up to 2012, commencing with the intranet.

637. The intranet portal project commenced in the last quarter of 2012 and was officially launched in the third quarter of 2013. It provides a forum for disseminating formal and informal news and events as well as facilitating work collaboration within GIABA. In addition, it has a wide array of features ranging from discussion forums, publishing spaces, document management, image gallery, notifications and announcements, local weather reports, and most importantly, it also allows the automation of GIABA's internal processes. The ICT Unit is handling the automation process and this will be completed on time to allow for smooth transition of some of the processes to Systems, Applications and Products (SAP) platform.

VPN deployment and configuration

638. A virtual private network (VPN) was installed to allow for a secure point-to-point network connectivity between GIABA Head Office and remote locations, particularly the Lagos Information Centre and the Abidjan Information Centre, when it is opened in 2014. This was followed by the configuration of the Lagos Office to complete the tunnelling of information between both offices. With the installation of the VPN, both Abidjan and Lagos offices will have virtual and seamless presence in the Headquarters in Dakar in conducting their activities.

Conference participants' registration portal

639. GIABA organizes several workshops and seminars yearly as part of its annual activities. In order to facilitate the management of participants, a registration portal with a detailed plan of activity was deployed in 2013. This has helped to facilitate conference organization.

Remote data backup – GIABA Cloud

640. In line with the new direction for GIABA to have a paperless office, a comprehensive data backup and restoration to a remote location system was installed in 2013. In addition, a cloud storage system was created. With this system, staff are now able to store and share working documents in the GIABA personalized Cloud Service. In addition, GIABA's ability to recover from hardware failure has been greatly enhanced.

641. The Cloud service is also utilized to support document-sharing for meeting participants where documents are uploaded to and accessed remotely in a secure manner.

Supply of currency scanners

642. During the year 2013, GIABA provided Benin and Cabo Verde with currency scanners to be deployed at their international airports. In addition to currency detection, the scanners can also detect other contrabands such illicit drugs and weapons. The deployment of the scanners has been welcomed by the GIABA Ministerial Committee and the Ministers have requested that the scanners be provided to other member States. As a result of this expressed need, a three-year project proposal aimed at covering all member States was developed and approved by the Council of Ministers for implementation, starting in 2014.

Network of FIU ICT officers

643. In 2012, GIABA installed VoIP (Voice over Internet Protocol) phones at its Headquarters and provided all National Correspondents with two VoIP phones to facilitate communication between the Secretariat and the NCs, and between the NCs. One of the lessons learned by the member States from the implementation of this project was that not all the NCs have substantial ICT knowledge. As a result, it took some time to explain to them how to operate the telephones. In order to overcome this problem and improve future



GIABA's new conference room - fully equipped with high quality audio-visuals to support conferencing, which was inaugurated on 13rd December 2013.

communications on ICT issues, a network of FIU ICT officers is being formed. It is hoped that constant communication with the ICT staff of the FIUs ease the use of ICT platforms meant for the NCs and other beneficiaries in member States and will facilitate maintenance.

Equipping of the new conference room

644. The new GIABA conference room, located on the second floor of the GIABA building at the Dakar headquarters, has been completed. The 60-seater conference room is fully equipped with simultaneous interpretation facilities for three languages and has about 50 mobile headsets to complement fixed speaker headsets. The room is also equipped with a touch board and three close site projectors strategically located around the room to give all participants a good view of presentations. The sound system is echo-free, with two mobile microphones. A

live camera is also installed which can be zoomed to capture a speaker and project him or her on the projector screens.

Monitoring and Evaluation Activities

645. The new Result Based management approach developed in 2012 has facilitated the development of the Monitoring and Evaluation framework for the Strategic Program Areas (SPAs). Two reports a year (one covering the first six months of each year and the other covering the whole year) have been produced, highlighting progress made by member States and GIABA's contribution to each member State. The reports are based on the data collected from member States on the ML/TF- related activities they have carried out, and those carried out by the Secretariat.

646. The main objectives of the new GIABA's results-based monitoring and evaluation are to:

- Enhance organizational and development learning;
- Ensure informed decision-making; and
- Support substantive accountability and GIABA repositioning.

M&E capacity-building

647. In order to enhance the capacity of staff in the implementation of the RBM approach, four M&E modules (for a 4–5-day workshop) were delivered by ECOWAS to GIABA program staff. The main objective is to reinforce the capacities of GIABA staff to build a common understanding on the core principles, notions and concepts of RBM and how these apply when (re)programming, implementing, monitoring and reporting on activities.

Mid-term evaluation of the 2011–2014 Strategic Plan

648. In accordance with the requirements contained in the 2011–2014 Strategic Plan, mid-term and final evaluations (formative and summative) are to be carried out. It is in line with these requirements that GIABA undertook a mid-term evaluation of the implementation of the 2011–2014 Strategic Plan between March and April 2013. Key lessons from the mid-term review are summarized below.

649. The increased demand for national programs does not undermine the value of regional events organized by GIABA. The regional dimension in AML/CFT remains the core of GIABA's mandate.

650. GIABA's high-level advocacy visits to member States are intrinsically linked to compliance monitoring in order to ensure that member States have robust AML/CFT systems in place.



Participants at the validation workshop on the Mid-Term evaluation report of the implementation of GIABA's 2011-2014 Strategic Plan, held in Saly, Senegal, 15–16 August, 2013

651. National Correspondents are the pillars of GIABA's operational and regulatory mandate, and therefore their full involvement in the development and implementation of GIABA's annual work plan is very important.
652. Participation in unplanned events uses up valuable staff time as well as diverts GIABA Secretariat's attention away from its core programs.
653. Some AML/CFT institutions, which have benefited from GIABA's support in the past, are now ready to help in capacity development in their respective countries.
654. Since GIABA relies largely on the community fund and also feels the growing pressure from governments to 'do more with less', it is recommended that GIABA should identify and cultivate donors. On the path to successful fundraising, it is crucial to stay informed about the major issues that shape the landscape of fundraising today, including some of the challenges and regulatory requirements of which even the smallest non-profit organization should be aware.

Challenges in implementing M&E results-based management in GIABA

655. Results-based M&E is a system for whose effective implementation all elements of the system must work together. If one aspect of the system is weak, it lessens the overall effectiveness of results-based management. The relevant resources, workable management and accountability systems, and knowledge management must be in place to support results-based management.
656. Building a results culture and fully institutionalizing results-based management is perhaps the most difficult aspect of results-based management. There are disincentives in inhibiting the development of a results-based culture. Priority-setting is a key consideration in finalizing a self-assessment matrix. Given resource and time constraints, it will not be possible to monitor and evaluate every relevant activity. Therefore, critical indicators for success identified would be prioritized for monitoring.

Conclusion

657. Administrative and financial management in 2013 has been largely smooth and in accordance with the regulations that have been laid down. The ECOWAS reform process which commenced in 2013 has the potential to affect business processes in GIABA by strengthening these processes. Budget performance was excellent and audits have been conducted without any serious observations of violations that could warrant any concern. The management has continued with its policy of inclusion and engagement with staff by meeting their need for information and attending to their complaints. The welfare of staff has remained a top priority and payment of staff entitlements was not an issue at any time throughout 2013.
658. ICT has remained a silent life-support of GIABA as virtually all operational activities are conducted electronically. Wisely, investment in ICT has been steady over the years and this has proved to be a good management decision. Internet downtime is almost eliminated, resource-sharing platforms have been deployed and modern, functional hardware is common in GIABA.
659. The new results-based M&E reveals that GIABA has in several ways contributed to the strengthening of the AML/CFT efforts in the region, as its current strategic objectives cover all stakeholders that have a role to play in AML/CFT. The issues of leadership, autonomy, integrity, as well as capacity, are also well integrated into GIABA's programmatic approach. However, there are a certain number of assumptions and/or prerequisites for success which are to a large extent out of GIABA's control. These include the behaviour of criminals in the area of ML/FT (since many of them operate outside the formal sector) and the priorities and commitment of member States to the AML/CFT agenda.

CHAPTER NINE:

Conclusion, Opportunities, Challenges and Future Priorities

660. It can be concluded that the year 2013 was very fulfilling for GIABA in many ways. On the part of the Secretariat, program execution was over 90%; more staff with the required technical skills were employed to improve the work of the institution; administrative and financial management have significantly improved and more resources have flowed or are set to flow to boost AML/CFT programs. There is more knowledge available on the ML/TF phenomenon in the region due to the research that has been carried out; more partnerships have been entered into; the working environment has been made more conducive with the replacement of computer systems and other decaying working tools as well as finishing of a modern 60-seater conference room; and staff have had the opportunity to improve their capacity and upgrade their skills through training. Management has remained responsive to staff needs and ensured that staff matters are accorded due attention at all times.

of the global body, the Egmont Group, thereby expanding operational collaboration and available support. More support is being provided to member States at the bilateral level by different partners, and more expertise is being developed in the region as the various countries' experience on AML/CFT increases.

662. In recognition of the ongoing ECOWAS reform process, it is pertinent to review the opportunities/strengths and challenges/weaknesses of the current AML/CFT systems and procedures in West Africa. These are summarized below.

Opportunities/Strengths

Existing structure in place for leadership and coordination

Opportunities/Strengths	Challenges/Weaknesses
Existing structure in place for leadership and coordination; Commitment, expertise and capacity in countries; Existing legislation and regulation framework for coordination; Recognizing the link between ML and FT.	Key ML/FT players mandate for delivery fragmented; Political interference and longevity; Weak technical expertise in AML/CFT at the national and regional levels; Weak AML/CFT enforcement planning; Gap of AML/CFT information with limited M&E capacity and systems; Analysis of AML/CFT largely separated; M&E of the AML/CFT programs impact is difficult.

661. On the part of the member States, more targeted interventions have been made based on identified needs of individual States, and the results are beginning to show up. There is now more political commitment on the part of member States to address the weaknesses in their AML/CFT system; the Technical Commission/Plenary is becoming more technical in its deliberations; more member States' FIUs are now part

663. GIABA is widely recognized as the most obvious 'leader' with regard to expertise on AML/CFT in West Africa. It plays an important leadership role in supporting national and international AML/CFT framework, and supports a stronger collective regional response to ML/TF. A number of other bilateral and multilateral platforms exist for promoting AML/CFT policies and

programs such as the UN system, the international financial institutions, the Commonwealth and other countries with strategic interests in the region.

Commitment, expertise and capacity in Member States

664. Despite the challenges, a significant number of ML/FT assessments, including mutual evaluation, have continued to take place over the years. There are significant resources for analytical work on the ML/TF situation. But it is also widely considered among stakeholders that there is a need for conceptual structure, reliability, capacity and cohesiveness in an analytical system. There is significant interest and commitment to work together on these issues.

Existing legislation and regulation framework for coordination

665. The AML/CFT regulatory regimes in the Community are in a state of evolution. Overall, however, a significant level of technical compliance with the FATF Standards has been realized through an active follow-up process to the evaluations.

666. The existing legislation and regulation can, in many cases, if enforced, serve as a good platform for promoting the implementation of AML/CFT systems.

Recognizing the link between ML and TF

667. The link between ML and TF is recognized by all stakeholders. Money laundering requires the commission of a predicate crime, and sometimes those involved in terrorism get involved in criminal activities in order to raise funds to commit or support the commission of terrorist acts.

Challenges/Weaknesses

The delivery mandate of Key ML/TF players is fragmented

668. The roles of some key AML/CFT players are fragmented. Gaps and overlaps in the mandates of different agencies may render the implementation of ML/TF projects difficult due to, among other things, confusion in applicable legislation and non-compliance with regulations by the regulatory/enforcement agencies and the private sector.

Political interference and longevity

669. Political decisions are needed to make progress on the implementation of AML/CFT policies and programs. However, political interference can become a problem when decision-makers (politicians and civil servants) try to change the rules of the game after they have been set, or try to influence the regulator to take decisions that favour political interests over society's interests.

Weak technical expertise in AML/CFT at the national and regional levels

670. Institutional capacity in AML/CFT agencies to implement AML/CFT laws effectively is crucial to effective enforcement. However, this remains inadequate. Lack of skills, training and resources often hinders the capacity to establish and maintain FIUs and prevents competent supervisory authorities from conducting adequate oversight on AML/CFT matters.

Weak AML/CFT enforcement planning

671. A significant problem is a lack of enforcement. AML/CFT laws are a necessary but insufficient condition for the establishment of a truly effective AML/CFT regime. In some jurisdictions, the enforcement of AML/CFT legal measures is often inconsistent.

672. Despite robust laws that criminalize ML/TF activities and empower authorities to confiscate assets, prosecutions and convictions have been low, and the rate of asset confiscation and forfeiture is also very low.

Gap of AML/CFT information with limited monitoring capacity and systems

673. Quality of data – gaps in information, having a robust database – remains a core challenge. In addition to the constraints of access to information, it is apparent that some of the information that law enforcement authorities need in order to reconstruct the financial trail are not being gathered by the reporting entities. For example, financial institutions do not always retain records of verified customer identification data relating to parties or to the wire transfers they process.

Analysis of AML/CFT largely separated

674. Despite commendable efforts, integrated analysis of ML and TF is challenging to achieve in practice. It will take explicit and sustained efforts to achieve this capacity. In particular, the actors will have to take a much broader approach to addressing the problems of ML/TF, both in terms of analysis and response.

M&E of the impact of AML/CFT programmes is difficult

675. There is limited documented impact due to the multiple and sequential occurrence of shocks that cause major drawbacks on AML/CFT programs. The discrepancy between outcome or output indicators and impact indicators is due to outstanding macro

issues like insecurity, poverty, market factors etc., which need to be addressed; however some of the issues are beyond the scope of individual countries.

Priorities for 2014

676. The year 2014 will be the final year in the implementation of the GIABA 2011–2014 Strategic Plan. Another Strategic Plan will be developed in 2015, which falls in line with the plan to have all ECOWAS institutions begin a common strategic planning cycle at that time. Before then, a stocktaking on the implementation of the 2011–2014 Plan will have to be carried out.

677. The following priorities have been identified for 2014:

- a. Ensuring the smooth transition between the outgoing and incoming statutory appointees;
- b. Targeting technical assistance to address the AML/CFT deficiencies of member States in order to speed up the mutual evaluation follow-up process in readiness for the start of the second round of mutual evaluations, especially for countries that will be the first to undergo the evaluations;
- c. Adequate preparations for the second round of mutual evaluations;
- d. Provision of technical assistance to member States in the area of national risk assessment;
- e. Provision of support to member States to conduct typologies exercises;
- f. Targeting staff training to areas identified for improvement in their performance evaluations;
- g. Strengthening of procurement procedures; and
- h. Strengthening information-sharing/dissemination with key partners for them to have a better understanding of the work of GIABA.

APPENDIX I: 2014 annual work plan

FIRST QUARTER		January				February				March			
SN	Activity/Program/Project	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK
1	Development of 2014 GIABA Staff Training Plan (Secretariat, Senegal, January - February)												
2	Season's Greetings and Staff General Assembly (Dakar, Senegal, January - February)												
3	GIABA AML/CFT Working Paper Series and Breakfast (Secretariat, Senegal, January - December)												
4	Training on M&E (All MS, January - December)												
5	Canteen Services (Secretariat, Senegal, January - December)												
6	Health Insurance management (Secretariat, Senegal, January - December)												
7	Document archiving (Secretariat, Senegal, All year round)												
8	Quarterly Implementation and Planning report (Secretariat, Senegal, January 01 - March 31)												
9	Equipping and resourcing of GIABA Information Centre (Secretariat, Senegal, January - December)												
10	Staff performance evaluation (Secretariat, Senegal, January - December)												
11	Mobilisation of users for documentation center (All year round, Secretariat, Senegal)												
12	Management of the documentation center (All year round, Secretariat, Senegal)												
13	Annual Maintenance of ICT supplies and equipment (Secretariat, Senegal, January - December)												
14	Preparation of annual financial statements (Secretariat, Senegal, January - March)												

SECOND QUARTER		April				May				June			
SN	Activity/Program/Project	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK
1	National Training on Financial Intelligence Analysis Training (Monrovia, Liberia; April 2 - 4)												
2	GIABA-UEMOA Joint Technical Assistance Review of UEMOA Law on CFT (UEMOA MS, April - July)												
3	Provision of Technical Assistance to FIU Burkina Faso (Ouagadougou, April 1 - 30)												
4	National ML/TF Risk Assessment Program workshop and support to 4 MS (Dakar, Senegal - April 01 - December 31)												
5	Quarterly Implementation and planning report (Secretariat, Senegal, April 1 - June 30)												
6	Purchase of Reference Materials for GIABA In-House Library & Documentation Center (Secretariat, Senegal; April 1 - September 30)												
7	GIABA and IMC Meeting on Implementation of AML/CFT National Strategy (Mali,Benin,Togo, April 01 - Oct 31)												
8	National Strategy development workshop (Banjul, Gambia, April 01 -03)												
9	AFC Meeting (ECOWAS Commission, Nigeria, April - Oct)												
10	National AML/CFT Sensitization Seminar Open House for Youths (Dakar, Senegal, April 3)												
11	National AML/CFT Sensitization Seminar Open House for Youths (Monrovia, Liberia; April 7)												
12	Financial Sector Chief Executive Dialogue Initiative for Central Bank of Liberia (Monrovia, Liberia; April 8)												
13	GIABA - UNCTED Specialized Training												
	Workshop on the UNSCR for Anglophone MS (Accra, Ghana - April 7 - 9)												

THIRD QUARTER		July				August				September			
SN	Activity/Program/Project	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK
1	A study on ML/TF Risk of the ECOWAS Free Movement Agreement (Dakar, Senegal, July - November)												
2	Maintenance of Billboards for AML/CFT Awareness Messages (Mali, Sierra Leone and Togo, July - Nov)												
3	National Workshop on Development of National Risk Assessment Framework (Bissau, Guinea Bissau, July 2 - 4)												
4	Sponsorship of Technical Expert for the drafting of Community AML Guidelines with Nigeria Bar Association (NBA) (Abuja, Nigeria, July 7 - 11)												
5	Regional Training for FIU Analyst on Technical Intelligence Analysis in Detecting Economic and Financial Crime (Accra, Ghana, July 7 - 11)												
6	Regional Training on Investigative Reporting on Economic and Financial Crimes for Journalist (Ouagadougou, Burkina Faso, July 16 - 17)												
7	National Risk Based Approach Training for Regulatory Authorities and Financial Institutions (Conakry, Guinea, July 16 - 18)												
8	Preparation of 2015 budget (ECOWAS Commission, Nigeria, July - August)												
9	Quarterly Implementation and Planning report (Secretariat, Senegal, July 01 - October 31)												
10	Bi-Annual Monitoring & Evaluation Report (Secretariat, Senegal, July - December)												
11	Staff Performance Evaluation (Secretariat, Senegal, July - September)												
12	Audit Committee Meeting (ECOWAS Commission, Nigeria, July- Date-TBC)												
13	Regional Capacity Building Seminar on Economic & Financial Crimes for LEAs (Ouagadougou, Burkina Faso, July 21 - 23)												

FOURTH QUARTER		October				November				December			
SN	Activity/Program/Project	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK
1	Regional Capacity Building Seminar on Economic and Financial Crimes for Judges (Franco & Luso) (Lome, Togo, October 6 - 9)												
2	Working Group on Mutual Evaluation and Implementation Meeting on Finalization of GIABA ME PnP (Dakar, Senegal, October 1 - 31)												
3	Annual FATF typologies work (participation in meetings and projects) (TBD,TBD)												
4	Quarterly Implementation and Planning report (October 01 - December 31)												
5	AFC Meeting (Ecowas Commission, Nigeria, Date: TBC)												
6	Training of FIU Officials on new IT Tools of GIABA (October)												
7	Annual Report (Secretariat, Senegal, October 13 - February 15)												
8	FATF Plenary and Working Group Meetings (Paris, France; October 19 - 24)												
9	Annual Audit of GIABA Accounts (Secretariat, Senegal, November)												
10	Regional Forum of FIUs (Dakar, Senegal, November 5)												
11	Technical Assistance Coordination Forum (Dakar, Senegal, November 5)												
12	Working Group on Mutual Evaluation and Compliance Meetings (Dakar, Senegal, November 3 - 4)												
13	GIABA 22nd Technical Commission / Plenary Meetings (Dakar, Senegal, November 6 - 7)												

APPENDIX II: Auditor's Report

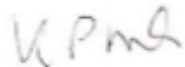
INDEPENDENT AUDITORS' REPORT TO INTER-GOVERNMENTAL ACTION GROUP AGAINST MONEY LAUNDERING IN WEST AFRICA (GIABA) - (CONT'D)

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist GIABA to comply with the Financial Regulations of the ECOWAS. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the ECOWAS and GIABA and should not be distributed to or used by parties other than the ECOWAS and GIABA.

Other Matter

The financial statements of GIABA for the year ended 31 December 2010 were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated 6 June 2011.



Signed by: Nathaniel D. Harley (ICAG/P/1056)

For and on behalf of:

KPMG: (ICAG/F/0036)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELINKPE

P O BOX GP 242

ACCRA

3 May
....., 2013

**INTER-GOVERNMENTAL ACTION GROUP AGAINST MONEY LAUNDERING
IN WEST AFRICA (GIABA)
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**

	Note	2011 UA	2010 UA
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	594,671	542,934
Receivables	5	124,904	111,528
Prepayment	6	101,832	5,258
		-----	-----
		821,407	659,720
Non-current assets			
Infrastructure and Equipment	7	569,534	413,285
		-----	-----
TOTAL ASSETS		1,390,941	1,073,005
		-----	-----
LIABILITIES			
Current Liabilities			
Payables and Accruals	8	842,865	306,892
Employee Benefits	9	596,565	307,674
		-----	-----
TOTAL LIABILITIES		(1,439,430)	(614,566)
		-----	-----
NET (LIABILITY)/ASSETS		(48,489)	458,439
		=====	=====
NET ASSETS:			
Accumulated (Deficit)/Surplus		(48,489)	458,439
		-----	-----
NET (LIABILITY)/ASSET		(48,489)	458,439
		-----	-----



ALHAJI BARRY
ACCOUNTANT



BABACAR NDIAYE
DIRECTOR OF ADMIN & FINANCE

03 May

The financial statements were approved by the Management of GIABA on, 2013.

**INTER-GOVERNMENTAL ACTION GROUP AGAINST MONEY LAUNDERING
IN WEST AFRICA (GIABA)**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 UA	2010 UA
REVENUE			
Community Levy	10	7,793,480	5,060,436
Other Income	10	345,930	245,368
Total Revenue		<u>8,139,410</u>	<u>5,305,804</u>
EXPENSES			
Statutory Meetings	11	406,728	453,913
Salaries	12	1,546,272	920,502
Allowances	12	1,279,160	1,109,818
Staff Training		343,207	167,450
Medical Staff & Insurance		72,327	45,163
Rental and Maintenance	13	154,474	142,901
Vehicle Maintenance/Fuel/Insurance		28,981	22,036
Utilities		26,173	21,695
Supplies		55,038	32,833
Postage and Telecom		74,564	64,623
Travels	14	145,791	221,738
General Expenses	15	160,107	157,999
Depreciation	7	142,312	101,341
Exchange Loss	16	31,892	669,232
Programs	17	4,179,312	2,064,959
Total Expenses		<u>8,646,338</u>	<u>6,196,201</u>
Deficit for the year		<u>(506,928)</u>	<u>(890,397)</u>

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 UA	2010 UA
Accumulated Fund at 1 January	458,439	1,348,836
Deficit for year	(506,928)	(890,397)
Balance at 31 December	<u>(48,489)</u>	<u>458,439</u>

**INTER-GOVERNMENTAL ACTION GROUP AGAINST MONEY LAUNDERING
IN WEST AFRICA (GIABA)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2011**

	2011 UA	2011 UA	2010 UA	2010 UA
CASHFLOW FROM OPERATING ACTIVITIES				
Deficit	(506,928)		(890,397)	
Depreciation	142,312		101,341	
Increase/(Decrease) in Receivables	(13,376)		(38,886)	
Increase in Prepayments	(96,574)		142	
Increase in Payables	535,973		90,230	
Increase in provision relating to employee benefit	288,891		146,589	
Profit on sale of fixed asset	(1,409)			
		-----		-----
NET CASHFLOW FROM OPERATING ACTIVITIES		348,889		(590,981)
INVESTING ACTIVITIES				
Acquisition of Non-Current Assets	(298,561)		(149,555)	
Receipts from Sale of Fixed Asset	1,409		-	
		-----		-----
NET CASHFLOW FROM INVESTING ACTIVITIES		(297,152)		(149,555)
		-----		-----
Net Increase/Decrease in Cash Equivalent		51,737		(740,536)
Cash and Cash Equivalent at beginning of period		542,934		1,283,470
		-----		-----
Cash and /Cash Equivalent at end		594,671		542,934
		=====		=====



GIABA Secretariat

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